

OUTLOOK ISSUE

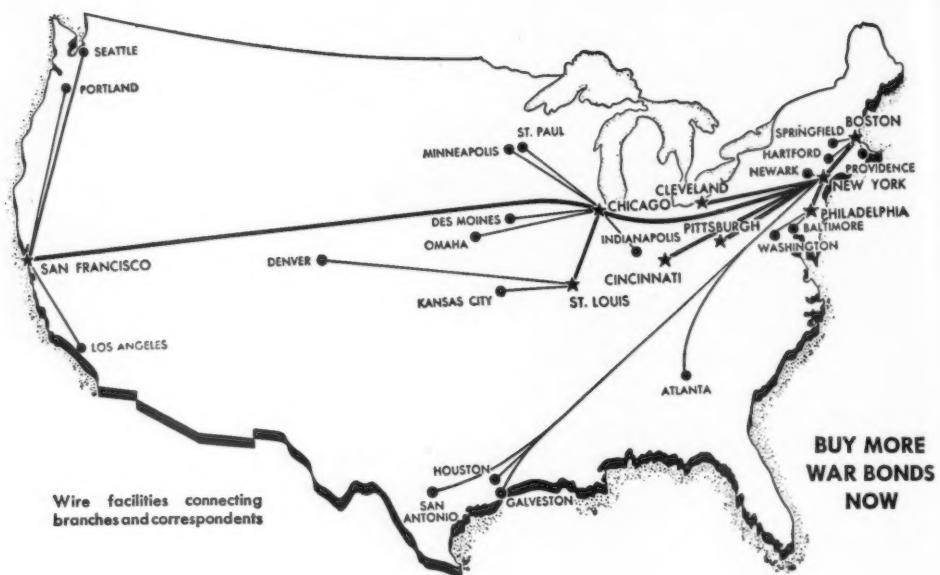
BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

SEPTEMBER 1945

opportunity
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business to
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THE BANKS ARE READY

W. RANDOLPH BURGESS

The following report on the banks' preparations for peace is from the statement issued by MR. BURGESS, as president of the American Bankers Association, when Japan surrendered.

AM HAPPY to report, on behalf of the banks of the nation, that in anticipation of Victory Day, the banks began to prepare a year ago to serve the returning veteran in a practical and constructive way. At the War Service Meeting of the Association in Chicago in September, I appointed a Committee on Service for War Veterans. This committee is composed of representative bankers from every section of the country and drawn from both large and small communities. This committee divided itself into three sub-groups and has been constantly at work on a program:

- (1) To deal with relationships between the banks and servicemen who will return to their former jobs in banks;
- (2) Relationships between banks and servicemen as customers;
- (3) Relationships between banks and veterans as citizens in their home communities.

MUCH constructive work has been done by these three subcommittees of the Committee on Service for Veterans. The veteran returning will find bankers greeting him as a man, not as a problem. He will be given friendly understanding, accurate information, experienced counsel, and direct assistance in taking up once more the productive pursuits of peace. Many activities that banks have already undertaken on behalf of the veteran revolve around his financial needs. These include providing familiar banking services.

Spotlighted in the credit field is the making of loans for reestablishing the veteran in



President Burgess

business or aiding him to start a new business enterprise or to buy or improve a home or a farm. Much of this work has been done by the second of the above subcommittees which worked closely in cooperation with the Veterans Administration and leading veterans organizations in preparing the regulations which made the loan provisions of the Servicemen's Readjustment Act of 1944 workable. The work of this subcommittee is not yet completed and it

is expected that remedial legislation will be adopted as soon as Congress resumes activities which will clarify provisions and simplify the procedure under which loans may be made.

Where the terms of the GI bill are too complicated, or do not meet the needs of the veteran, banks are making loans directly on the basis of familiar credit procedure. Whichever method is used, banks will see that credit-worthy veterans receive the money necessary to carry out their plans.

EXPERIENCE over the past months with a million and a half veterans discloses that most veterans need information and counsel as much as credit. Likewise, thousands of banks have set up special departments or named qualified officials, usually veterans, to discuss financial and other problems with the veterans of their communities, and bankers have taken a leading part in establishing and cooperating with service and information centers.

The third subcommittee is dealing with public relations and the services banks are prepared to render veterans. The records already show that they have saved many veterans heartaches and disillusionment, coun-

(CONTINUED ON PAGE 155)

Anchor to Windward



To the uninitiated an anchor may be only a nautical symbol—but to a seafaring man it is vital safety equipment. For when the going is tough and a boat finds itself in trouble, the safety of the craft and all on board may depend on just one thing...the anchor. » » While the widespread use of special protective check papers is evident to all, comparatively few business men find occasion to weigh the need for check protection...or evaluate the merits of the products provided for this purpose. » » Bankers, however, know that the hazards of counterfeiting and fraudulent alteration are ever present. And have learned from experience that LaMonte Safety Paper offers a dependable means of preventing check crimes. » » The fact that LaMonte Safety Paper is used by so many of America's leading Banks is significant. It is tribute to the fact that this organization not only originated safety paper, but brought it to its present state of development. Further, LaMonte pioneered the marketing of this product so effectively that it has become firmly established as the standard of safety in check protection throughout the nation.

For samples of LaMonte Safety Paper see your Lithographer or Printer—or write us direct.

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GEORGE LA MONTE & SON

Safety PAPER

NUTLEY, NEW JERSEY



The Wavy Lines are a LaMonte Trade Mark

We supply many banks and business organizations with their own INDIVIDUALLY IDENTIFIED Safety Paper. The issuing organization's Trade-Mark is in the paper itself and appears on both the front and back of the check. Such INDIVIDUALIZED paper provides maximum protection against counterfeiting—saves Banks sorting time—helps prevent errors.

BUY
WAR BONDS
AND SPEED
VICTORY



Just a Minute



Victory Smile!

The Atomic Era

The fact that we can release atomic energy ushers in a new era in man's understanding of nature's forces. Atomic energy may, in the future, supplement the power that now comes from coal, oil and falling water, but at present it cannot be produced on a basis to compete with them commercially. Before that comes there must be a long period of intensive research."—President TRUMAN.

Outlook—Atomic and Otherwise

This is BANKING's Outlook Issue. Admitting that mankind's outlook has been considerably altered (for better or for worse) by the sudden arrival of the Age of Atomic Energy, we nevertheless feel that things will be going on about as usual in the banking business for some little time and that our editorial effort was not too seriously affected by the momentous news of what hit the Japs at Hiroshima on August 6, 1945.

There is, of course, the interesting possibility that some day banks will be writing instalment paper for the purchase of such intriguing gadgets as atomic lighting plants, atomic heating

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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equipment, atomic planes, or clever machines that will crack atoms safely for you in your own home. But not yet, not yet. On the threshold of who knows what, let's prepare for the future by taking stock of today.

And that's what this September number of the magazine tries to do. On the basis of where we are today, it endeavors to send a few feelers in tomorrow's direction, hoping that the views and ideas herein expressed will fulfill their purpose of constructive planning.

What Bankers Think

WHAT lies ahead for banking?"

We asked that question of the more than 15,000 members of the American Bankers Association, and the answers provide as comprehensive a survey of banking opinion as we have ever published. Under the general title, "Take Our Bank, for Example," you'll find the views and plans of bankers on the services they plan to emphasize in their banks. The material is grouped under six subjects: mortgage lending, veterans' loans and services, agricultural banking, consumer credit, small business, and general services, such as checking accounts, etc.

In addition, there are special articles on the outlook for bank earnings, bank dividends, bank operations, consumer credit, farm credit, GI loans, and small business—all pointed forward, all expertly written, all yours for the time it takes to read them.

100 Million Bank Customers

THE keynote of this issue is sounded by LEWIS F. GORDON, vice-president of

"It might interest you to know, Miss Bright, that we've done very well for many years calling it simply the savings department"

The Citizens and Southern National Bank, Atlanta, in his article on the general subject of peacetime planning for banks.

Their most important planning, he thinks, is to "gear themselves to do a real selling job which will tie in with the definite trend toward mass banking service."

"Selling in its broadest sense," Mr. GORDON remarks in a letter, "just hasn't been part of the banking job in the past. It is no reflection, therefore, on bank men generally to say that they just don't know much about selling.

"In my mind—and I have checked this with some sales executives in other fields—banking of the future offers one of the prettiest and most interesting selling jobs in the country. . . . One phase of this subject is creating a sales-minded bank. By that I mean getting the whole organization into the spirit of selling. For example, bank officers contact people who represent big accounts and big loans. The average employee is in much closer relation to the group representing the market for monthly repayment loans, no-minimum-balance checking accounts, and like services. When we installed no-minimum-balance checking accounts, for instance, we used our entire employee organization as a sales force; in the first few months fully 50 per cent of all accounts opened represented direct sales through employee solicitation. We have created a sales-minded organization."

Two Soldiers and a Trust Company

WE WON'T mention any names, but that needn't blunt the point of this little

(CONTINUED ON PAGE 6)





Meet the Advertising Manager of the United States

Strictly a wartime job, of course, and at no extra pay, millions of American soldiers in foreign lands have done one of the greatest *national advertising jobs in history!*

These men have displayed the power of American production. They have exhibited American-made goods and equipment where they have never been shown before—unconsciously building up a world-wide demand for these goods.

American industry, through sound planning based on accurate information, will be able to

reap the benefits of this tremendous *advertising job*. That's where the Chase Foreign Department can help. For, through the facilities of branch offices and correspondent banks *all over the world*, the Chase is a reliable source of the authoritative information necessary to successfully engage in foreign trade.

These Chase facilities which are always at the disposal of our domestic correspondent banks provide a valuable service for their own customers.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

GOOD NEIGHBORS In Business



Across the free peaceful border, Canadians looking southward and Americans looking northward for business meet on good-neighbörly terms at the Bank of Montreal.

For over 125 years the Bank of Montreal has been furthering trade between the States and the Provinces, has seen the volume of inter-nation business gradually increase to great importance for both countries.

Now the flow of trade is of extraordinary volume, due to the impetus of common defense against

a common foe; with this growth the Bank of Montreal keeps pace, doing its share to facilitate transactions across the border.

We offer our modern, experienced correspondent service to American banks having business in Canada. We can be especially helpful in matters of foreign exchange, now somewhat complicated because of the necessary rules and regulations of Canadian control.

Inquire at one of our American Offices or at the Head Office.

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CHICAGO: 27 South LaSalle St.

SAN FRANCISCO: 333 California St.

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ASSETS TOTAL OVER \$1,500,000,000

TOO LITTLE TIME

Too little time to do the many little things that must be done! Sorting checks in banks is a little thing, posting checks is a little thing, filing checks is a little thing . . . but add them up and you have a real production problem that every bank must solve every day—on time.

It wouldn't be so bad if banks were now staffed with experienced people who "knew" signatures, but the trouble these days is that new employees have to "read" them. What makes this even worse is that with our shifting population banks have to contend with so many new signatures and these new signatures have to be sorted and filed by new people, and the net result is a headache for the man in charge of the bookkeeping department.

Printed names on checks would take the grief out of these internal operations. Not only would the work be done quicker and better, but the employees would get a "lift" because their jobs would be easier. Consultations over a signature would be eliminated and the whole department would feel better.

That's where DeLuxe Personalized Checks do a job. They are high in quality, low in price and convenient to use. For \$1.25 a depositor can buy 200, which is enough for nearly a year, and throughout that year he would be extending to all who read his checks the courtesy of legibility. He would be using checks in which he himself takes pride and he would enjoy his checking account as never before. Why not encourage him to get his Personalized Checks today?

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CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

JUST A MINUTE—Continued

tle commentary on trust service.

When a certain general went abroad some months ago he and his son, a major, set up a joint trust with a trust company in an eastern city. Among other duties, the bank was empowered to pay the general's club dues, his church contributions, magazine subscriptions, put flowers on his wife's grave at specific times, make gift payments to nephews, nieces, and godchildren at Christmas, and prepare income tax returns for both father and son. It was also to pay storage bills and fire insurance premiums on the general's furniture, keep all copies of his engineering magazines filed chronologically so that he wouldn't miss an issue, and do sundry other jobs too numerous to mention.

The general has been most appreciative. "You and your associates," he wrote the trust officer, "make it possible for soldiers such as John and me to serve overseas with a minimum of anxiety."

The son wrote: "May I thank you again for my father and myself for the personal interest you are taking in us and for the many different accounts that you are keeping current for my father. I can't begin to tell you the feeling of comfort and security which you have given my father and myself in being able to place with you our personal affairs. We know that in you we have a friend, a competent and able administrator."

Yes, Just Imagine!

FROM This Week Magazine: "At a recent big dinner in New York, a banker began his after-dinner speech with a pretty awful poem that he had written.

(CONTINUED ON PAGE 11)

"Don't worry . . . Don't all your checks come back to you?"



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90 words a minute by typewriter



5000 words a minute

with Addressograph



ADDRESSOGRAPH is the fastest, most accurate method of putting words and figures on business forms. Once the information is on Addressograph plates, you can write it again and again at a speed of 5000 words or 30,000 figures a minute.

Addressograph can do the job of writing in every department of your business that puts information on paper. And it can be used with any existing system or routine. When Addressograph is used with other types of office equipment, you have the ideal combination for efficient handling of paperwork.

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low cost of writing this modern way bring savings in time, money, elimination of errors, and better control over your paperwork operations.

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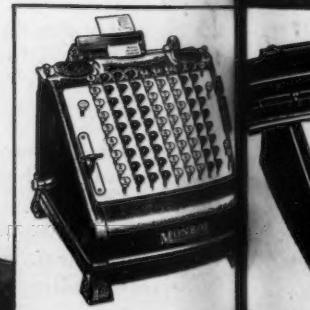
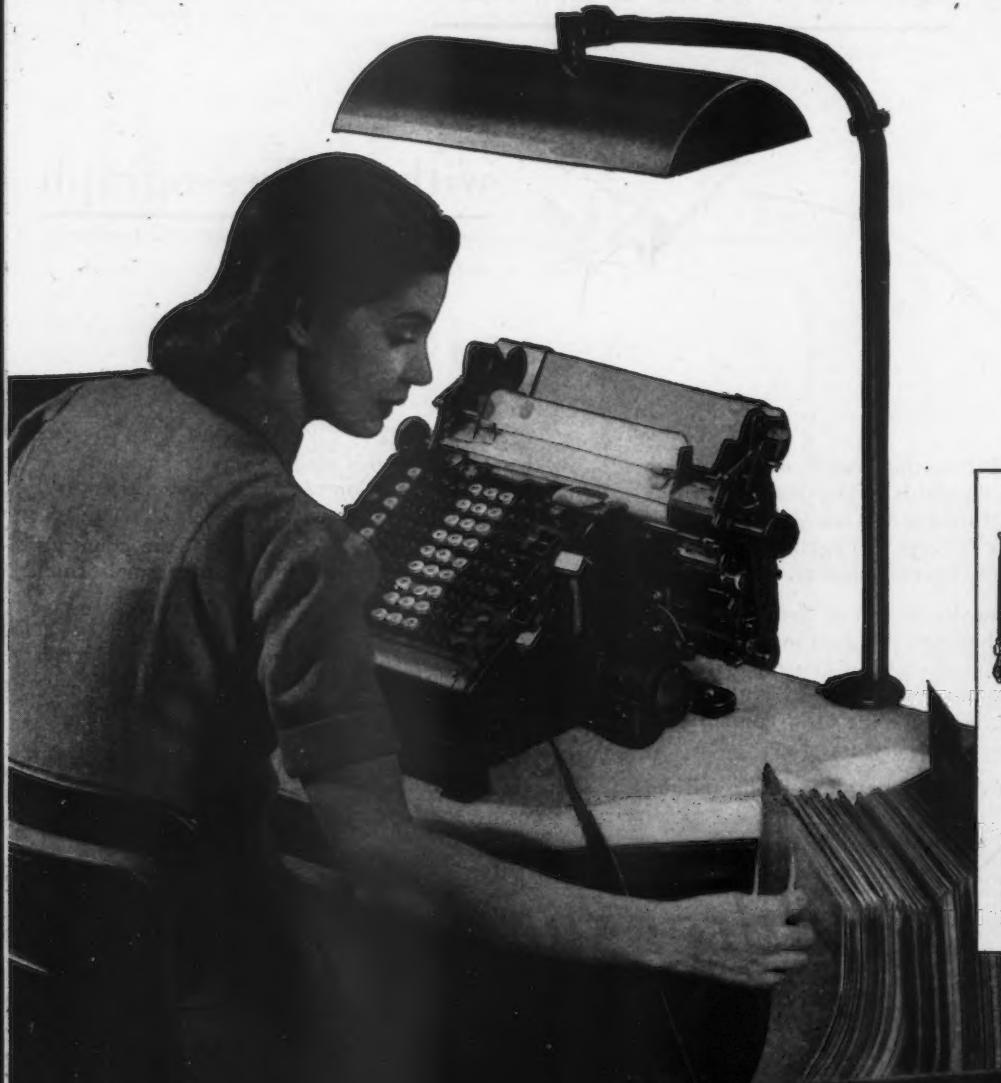
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Another bank proves that Monroe's exclusive "Proof-Pay" is not only actually faster than Sight-Pay but that it also provides all of the safety of the Dual Run Plan.

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Monroe Adding-Listing Machine. Available with a standard narrow or wide carriage, single register or grand total. Direct plus and minus bars, "Velvet Touch" reception, live operating key.

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THE BERNARDSVILLE NATIONAL BANK OF BERNARDSVILLE BERNARDSVILLE, N.J.

Monroe Calculating Machine Company, Inc.,
Orange, New Jersey.

June 19, 1945

Gentlemen:

Several years ago we adopted Single Run with Sight Pay for the posting of our commercial accounts. We recognized that dependence on the human element in Sight Paying increased error hazard, but we believed the time saving justified our sacrificing some advantages previously afforded by Dual Run. We definitely felt, however, that we had made a compromise.

Some time ago we installed Monroe Bank Bookkeeping Machines and discontinued Sight Pay in favor of Monroe's "Proof Pay." Since that time we have established to our complete satisfaction the fact that Monroe "Proof Pay" is not only faster than Sight Pay but also provides all of the advantages of the Dual Run Plan. The efficiency of our Bookkeeping Department has been greatly increased, due to the quiet, easy operation of our Monroe machines. We find our staff is far less fatigued at the end of our posting operations. You might be interested to know that at the end of the first month during which we used these machines with the "Proof Pay" Plan we closed our statements earlier than ever before in the history of this Bank.

Very truly yours,

Executive Vice President
and Cashier.



Monroe Calculating Machines have been standard equipment in banks for a generation. The same excellence of construction and dependability that have won universal acceptance are built into Monroe Listing and Monroe Bookkeeping machines.

Some distinctive advantages

Monroe Minus Bar—makes possible instant correction in any register or position on the form.

"Velvet Touch" Operation—speeds, simplifies and makes the work easier for the bookkeeper.

Fast Insertion of Forms—a remarkably simple carriage, engineered for easy, fast, exact insertion of forms.

Gliding Carriage Tabulation—Reduces noise and vibration to a minimum.

Fully Visible Carriage—all posted amounts are visible at all times.

Automatic Balances and Totals—all balances and all vertical totals are automatic.

High Speed—Monroe Bookkeeping Machines cycle and print as fast as Monroe Adding Machines.

Compact Size—through fine engineering and metallurgy unnecessary weight and size have been eliminated.

"Unitized" Operation—machine, desk, light, tray and chair positioned for maximum efficiency.

Programs Changed Instantly—in a few seconds you can program this machine for Commercial Posting, Proof Pay, Deposit Proof or Savings.

A Unique Adding Machine—instantly converted to an adding machine unique in that it produces automatic group and grand totals.

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STEEL BUILDINGS GIVE LONG-LASTING PROTECTION...



They are a good loan risk!

SECURE PROTECTION for livestock, poultry, stored crops and costly machinery is an important factor in keeping farm profits high. Injury or damage from rain, wind, snow, fire, lightning, rodents or vermin keeps overhead high and cuts into profits. Tight, snug, low-cost steel buildings are a valuable aid in eliminating such losses and boosting farm income.

Farmers are anxious to modernize with steel because they appreciate its advantages. They know that inexpensive steel buildings mean secure protection and greater efficiency in farm

operations. They know, too, that steel is durable. It can be kept in tip-top condition for a long time with a minimum of trouble and expense.

The farmer who plans to modernize with steel is planning a sound, progressive business. With the protection, strength, long life and low maintenance cost of steel he can expect greater efficiency, higher food production and a better income. *Out of increased income the farmer who builds with steel can easily repay money borrowed for modernization.*

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TENNESSEE COAL, IRON & RAILROAD COMPANY, Birmingham

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UNITED STATES STEEL



"I don't see how we can refuse him a GI loan if he was in the WAGS!"

One of the diners, a real poet, shook his head in agony, turned to his neighbor: "Just imagine what would happen if I wrote a bad check!"

Banking Under Canvas

ON a nearby page you will get a close-up view of the First Nissan Trust Company.

Further information being in order, we quickly explain that this thriving institution has saved as the financial center of the Green Islands in the Southwest Pacific. Lieutenant KOURY tells you in the story on page 28 that the 17 by 20 foot canvas bank has had a monthly volume of \$400,000 in receipts and disbursements.

Some of the professional adventures of this staff in administering their bank are pleasantly narrated by Lieutenant KOURY. You'll chuckle.

"Cat, 25 Cents"

OUR July front window—the boy polishing the bank sign—brought numerous compliments and comments, and it prompted one banker to tell us a good story.

"The cover picture of July BANKING," wrote F. V. PORTZ, executive vice-president of The First National Bank of Riverton, Wyoming, "is an inspiration in watching the possibilities of the coming generation which will take our places in the banking business.

"It brought up an incident in our bank a few days ago when the 10-year-

Dealers in

UNITED STATES GOVERNMENT SECURITIES

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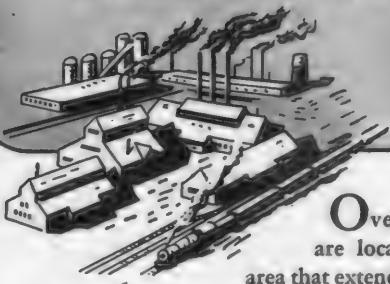
HEAD OFFICE—MONTREAL

Branches in Canada
from Coast to Coast



Resources exceed
\$1,700,000,000

Richmond is the largest industrial district on San Francisco Bay...



Richmond has a large supply of available industrial land... on deep water, rail lines or highways... at exceptionally low prices.



Richmond has one of the largest labor pools of any West Coast area—embracing a wide variety of skills and crafts.



Richmond labor has a long record of full co-operation and high productivity.

Over 80 manufacturing concerns are located in the greater Richmond area that extends more than 20 miles along the shores of San Francisco Bay. This is the largest industrial area in central California—and vast expanses of choice industrial land are still available for manufacturers seeking Pacific Coast locations.

The reasons for Richmond's rapid growth are of keen interest to any manufacturer. There's Richmond's strategic location—centrally situated with relation to major West Coast markets. There's industrial land—lots of it—priced at bed rock. There's the Pacific Coast's greatest natural harbor, San Francisco Bay, with Richmond its chief tonnage port. There's adequate transportation... with 2 main line railways. And there's a tremendous labor supply, with a wide variety of skilled and unskilled crafts.

Richmond has all of this and MORE! But why not make *your* West Coast plant location on the intelligent basis of FACTS.

WRITE FOR "RICHMOND WINS THE PEACE"

The amazing story of a city that grew five times in population during 3 years... and its plans and facilities for the post-war. Worth owning... and free! Write on your business letter-head.

RICHMOND CHAMBER OF COMMERCE
DEPT. 101 — RICHMOND, CALIFORNIA



Richmond, California

Largest tonnage port
on San Francisco Bay



Largest industrial area
on San Francisco Bay



Our July cover

old son of one of our customers came in to open his bank account.

"He had a carefully prepared financial statement, showing he intended it as a record of his Summer's work. The first item was \$40 for janitor work, the second \$6 for working for a concrete contractor at 12½ cents an hour (not the union scale), and then came one item marked 'Cat, 25 cents.' Inquiry brought out the information that he had an offer of a quarter for his cat, and after carefully thinking it over, decided to sell.

"We predict a successful business career for this younger generation representative when he can sell a cat here for a quarter!"

The \$5 Check Goes to . . .

Roy H. GIBBS, of the First National Bank, Orlando, Florida, gets the \$5 prize awarded by BANKING for a title to the July cover photo. Mr. GIBBS suggested:

"Polishing Up for a Bright Future."
JOHN L. COOLEY

"Henry's putting in a trapdoor so he can drop the meat plate in case my brother reaches for a second piece"



State-Wide Auto Financing Campaign in Washington

SEATTLE A state-wide automobile financing program, which ex-

Michigan Agents to Study Financed Auto Business

Wisconsin Agents Discuss Bank-Agent Auto Plan

Urge Agent-Banker Coop.
WAUSAU, Wis.—Increased competition from man-

Urges Bank Finance Plan

R. I. Agents Launch Bank Financing Cooperation Plan

PROVIDENCE, R. I.—The Rhode Is-

Financed Auto Lines Theme of R. I. Meeting

Recovering Auto Business Gets Main

Meet June 15 on Bank-Agent Plan

Conn. Group Plans to Aid in Promoting Bank-Agent S

HARTFORD, Conn.—

Rochester, N. Y., Bank-Agent Plan on Automobiles Is Ready to Go

Suburban N. Y. Agents Press Auto Financing

Get Together on New Agent Auto

to financing and the New Yo

Virginia Agents Adopt Bank-Agent Auto Pla

Push Bank Auto Plans in Tenn.
NASHVILLE—The Tennessee A

ncancing

ns Association

IT'S BIG NEWS
from COAST to COAST

Bank-Agent Plan in K. C., Kan.
At the monthly meeting of the

Memphis Agents Discuss
Agent-Bank Finance Plan

ATLANTA AGENTS AND 10 BANKS
COOPERATE ON AUTO FINANCE PLAN

Birmingham Agents Survey
Auto Financing Field



FEW recent events in insurance and banking circles have made as many headlines as the Bank-Agent Automobile Finance Plan.

And it's only the beginning. We anticipate a steady increase in interest and activity as the time for new-car sales draws closer.

Right now is the time for every banker and every insurance agent to familiarize himself with all the details of this forward-looking project. The American Insurance Group, a nation-wide sponsor of the plan, is anxious to lend full assistance to all who are interested.

We have prepared five helpful bulletins, outlining the facts about Banker-Agent Plans which have already proved successful, and plans which are now under way for future programs. Clip and

mail the coupon for FREE copies of these valuable bulletins today.

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in thirty seconds



it handles seven basic
banking jobs in a
small bank —————→



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WASHINGTON



What Next?

MR. WILCOX is a well-known Washington journalist.

WASHINGTON is becoming money conscious. To an interesting extent it is talking the banker's language. Public officials are concerned over dollar totals. They are speculating over the making of public and private loans, at home and abroad. The effect of desired social reform on earnings is a subject of special research.

Commercial bankers, fresh out of their offices in financial institutions, are now occupying high executive and policy positions in government. Bankers have been elected and are serving in Congress. Bankers have been called in to advise unofficially on congressional and executive agency policies. After more than a decade, the banking fraternity is again a part of the government machine.

The dollar sign hangs high in Washington. However, as a symbol it is subject to a variety of interpretations. Many of them are foreign to the traditional philosophies which have activated the thinking of bankers. Recognizing that the dollar is the foundation of prosperity and that the processes of banking somehow increase its power, there is generated a variety of schemes, programs and plans, all designed to use the dollar for special purposes.

It is here that politics enters—not necessarily party politics, but rather understandable efforts to gain favor through the development of programs which the grateful voters will desire

U. V. WILCOX

to endorse and support. The Truman Administration is very anxious to hold the goodwill of all economic interests. Its new leaders and advisers are exceedingly hopeful of pleasing capital on the one hand, and organized labor on the other.

THE Administration is faced with certain fundamental realities of an economic and financial nature. The nation must be kept solvent. The American dollar must be kept sound. The cost of living must be controlled, and that includes the prices paid by the consumer and the cost of raw materials reaching the manufacturer. It is also hoped there can be an increase in the scale of wages. If that can be done, there will be national prosperity, and everyone will be happy.

The Administration wants to be liberal without being radical. In basic money matters, such as reducing the national debt, it would even like to be

conservative. It is willing to support new social objectives designed to raise the standard of living, if this can be done without also raising taxes. It would like to lower the tax bill of corporations and business generally.

The Bankers Are Consulted

The Washington pattern for banking is made up of just such diverse elements. The several bills, regulations and programs accompanying them which so much concern the mechanics and especially the profits, and the services that banking can or cannot render, are efforts to set the national economic pattern. Politics in Washington is basically designed to please the greatest number, without endangering the financial mechanism of the nation.

The advice of the bankers is being sought because they largely operate the money machine of the nation. At the same time, new bits of machinery are being offered to them and they are ex-

(CONTINUED ON PAGE 22)



It's OVER!

Secretary Byrnes, Cordell Hull and President Truman have a three-way handshake in the President's office after the Chief Executive had announced Japan's surrender on August 14. In the background is Reconstruction Director John W. Snyder

[THE BANKS ARE READY... No. 3 of a Series]

Correspondent Banking

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Small, Medium, Large

WHILE doing its full share in the war, America's private banking system has worked out a practical program for providing business with all the credit needed to bridge the gap between war activity and peacetime production.

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is at once available. The local bank calls upon its correspondent in a larger city to co-operate in the loan.

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Where neither the local bank nor its correspondent is willing to make a loan in its entirety, the banks have provided a third source of credit through local Credit Pools, in which the banks combine to make credit available in unusual cases. Thirty-seven of these pools have been organized, with over \$600-million available for credit purposes.

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WASHINGTON—Cont.

pected to fit these proposals into their present mechanism. Often the bankers are provokingly unwilling to accept these new gadgets which come as bills and programs. When this happens, sometimes harsh words and even name calling ensue.

A recent example was in the program embodied in the words "Bretton Woods." When bankers offered objections there was irritation, but when bankers got changes in the pattern, the support of the bankers was loudly acclaimed. The Export-Import Bank's enlargement was acceptable to leading bankers, and Administration officials were anxious to record that fact. They even revealed banking support before representatives of organized banking could themselves announce it.

Congress and department heads have long focused their attention on foreign affairs. The money bills and the programs have largely related to world rehabilitation. That was the second step after winning a military victory. The next is reconversion at home. This latter involves many details, and the adaption of broad programs to economic segments and sections of the national economy. It is here that the banks of the nation become involved.

Washington Horoscope

The horoscope for banking in Washington is divided in three parts. There are the reform bills, such as, for example, new government excursions into the business of lending money. There are the regulatory programs that include a broadening or restricting of consumer credit. Then there are the mechanics of government in relation to banking and business, which include supervisory agency fusion, or reorganization.

In policy and operation these three broad classifications often overlap. For example, should the three bank supervisory agencies be reshuffled in duties, bankers would be concerned over the dominant policies embodied in the controlling personalities. This has come to be true despite the fact that the executive departments of the Government are presumed to be circumscribed in their duties under laws long on the statute books. But experience has made bankers suspicious of the interpretation of these laws, and they also have appreciated the broad discretion given many of the regulatory agencies of the Government.

Certain of the reform lending bills will be emphasized in the remaining months

of this year. These include measures to put the Federal Government, through some corporation, into the business of direct lending and guaranteeing of commercial loans. A number of Administration officials are promoting these bills. If, however, they fail to pass, it will be because there is a division over method, plus the fact that the banks of the nation will have demonstrated no need for more government in banking.

The regulatory programs involving banking very likely to be the subject matter of discussion among bankers involve certain old headaches as well as some new pains. For example, a segment of banking expects to get hearings on bills restricting bank holding companies. Agricultural credit bills are also before committees, but these are not as great a threat—or promise—as when they first appeared. This is largely due to the changes made in government by the naming of a new Secretary of Agriculture.

The progress toward ultimate reconversion of America's industrial and manufacturing capacity will involve the future of consumer credit. Budget Director Harold Smith has emphasized that wartime controls can be ended only in keeping with the reconversion schedule. Additional credit restrictions will not be necessary, and present restrictions can be ended, with a mounting production of all consumer goods. That is his view. Whether other forces can be persuaded to release controls, once secured, is a question of Administration policy, under President Truman.

Senators, Representatives, Treasury Department and White House officials have all promised tax relief, meaning reduced tax bills. The promise is expected, however, to be more difficult to deliver than it was to make.

Changes in the mechanics of lending to veterans, are indicated. The GI Bill of Rights was so broadly rewritten in the House that it made the bankers much more responsible—and also more vulnerable to blame—if the financial help promised to veterans is not abundantly forthcoming. This House-passed bill seems designed to undergo further rewriting in the Senate.

The Role of Reform

While specific bills and definitely stated problems will loom large on the bankers' Washington horizon, the progress of over-all reform legislation will determine national trends. Whether the nation will go right or left will be indicated by the fate of a number of key

(CONTINUED ON PAGE 146)

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It's been seven years since he opened that store. He moved once and enlarged once. Proved to be the best tenant old Joe Hale ever had. Folks here swear by him, say he's got the best and newest merchandise at the right prices. His store is a beauty and those clerks of his know their jobs. It's a genuine pleasure to shop there. Guess he was pretty smart to tie in with Butler Brothers, they certainly know how to guide a merchant. We're mighty glad to have him for a customer.

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only to the task of meeting the vital banking and financial needs of today. Executives everywhere are finding the services of this bank invaluable, whether their interests lie in the field of agriculture or industry, in reaching a vast consumer market here, or in approaching future foreign markets beyond the Pacific. Inquiries receive prompt attention.

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Partial view of the penthouse machine room after Otis Modernization.

In the Michigan Building, of Detroit, modernization of the elevator plant by Otis has resulted in marked improvements in elevator service and worthwhile savings in elevator operating costs.

Here's the story:

Originally, this building contained five Car Switch Gearless Elevators with open grille fronts and manually operated doors. All five of these elevators had to be operated at full capacity to handle the building traffic.

But, after being changed over to Otis Peak Period Signal Control, only four

elevators were required to handle the traffic during busy periods. During slack periods, only three cars were required.

This is only one interesting example of the benefits of Elevator Modernization by Otis.

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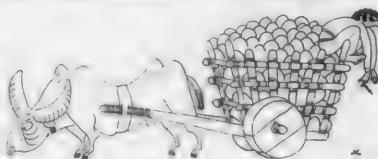
This sparkling little story of South Seas banking à la U.S.N. comes to us from Cleveland where Lieutenant KOURY is with the field branch of the Navy's Bureau of Supplies and Accounts.

BANKING in the Pacific lacks the solemn formality and super-courtesy of banking back home, but it is just as solvent. There are no grill work or white shirts, and most of the "officials" are unshaven, bare-backed stalwarts who can prepare a balance sheet and snare a tarantula with equal dexterity. The work has variety, too, much of it not usually associated with banking.

Take the Isle of Nissan, one of the little coral bumps that comprise the Green Islands group lying between Bougainville and Rabaul. One February day in 1944 four Navy men accompanied occupation troops upon the island and there, under eucalyptus trees, set up what the sign said was "The First Nissan Trust Company, Oldest Banking Establishment on the Island." Before any of the 250 pop-eyed Melanesians could say Lloyds of London, this 17-by-20 canvas establishment was doing \$400,000 worth of business a month.

It was doing a lot else on the side, though through no choosing of its own. It became a sort of shirtless Mr. An-

THONY or tropical Dorothy Dix, as well as an all-weather oracle on matters financial. One day a chief yeoman appeared at the yawning entrance of the tent with a load of freshly harvested coconuts. He heard there was going to be a coconut shortage as a result of a recent monsoon. What would the bank loan him on the coconuts, estimated on the future market? An Army private



stalked the Nissan board of directors with this query: Could he assign a chattel mortgage over to a friend to meet losses incurred during "a little game of galloping dominoes"? The board would have had to decide whether gambling debts are enforceable in the Pacific if it were disposed to make a decision, which it wasn't. A sailor rushed in one day with a perspiring request for an immediate \$10 loan, the same to be applied as a lien against a 40-acre farm in Arkansas.

Head man at the First Nissan is a 23-year-old, six-foot Navy disbursing officer, Lieutenant (jg) Hilliard Harry Huggins, formerly a secretary with the

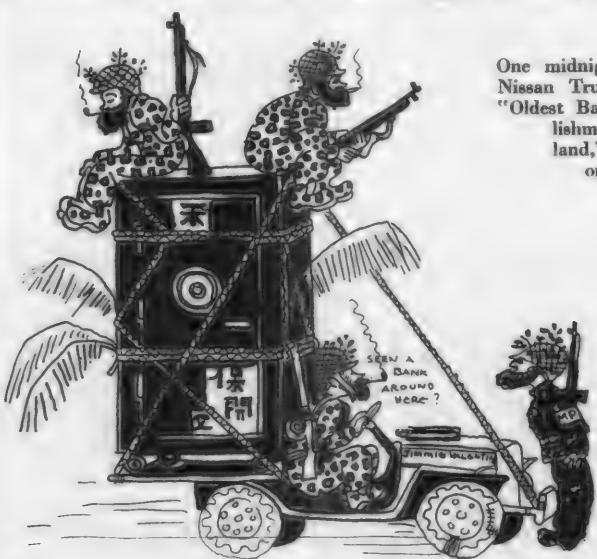
Staff: leaning against post, Lt. Huggins; his aides, l. to r., Storekeepers C. R. Hoy, Sebring, Fla., Malcolm Falk, Pittsburgh; Milton Steinberg, Brooklyn

AAA in Granbury, Hood County, Texas. Huggins is blessed with the collective attributes of a movie star, i.e., curly hair, dimples, magnetic smile, plus the sort of extrovertive attitude that makes life on an atoll reasonably comfortable. Lieutenant (jg) Huggins' right arm was a storekeeper second class named Milton Steinberg, a CPA from Brooklyn, whom Huggins describes as "a corker," meaning he is durable, versatile and a valuable man in a crisis. The bank's stationery listed Huggins as president, Steinberg as the board of directors, and the first, second, and third vice-presidents as, respectively, an auditor from Santa Barbara, an office clerk from Sebring, Fla., and a Pittsburgh bank clerk.

THE unit was there to serve the fiscal needs of 1,500 naval personnel, that is, paying the boys their wages twice a month, handling postal receipts (there were three postoffices on Nissan, an island shaped like a kidney bean a half mile wide and nine miles long), accepting authorizations for allotments and family allowances, cashing checks, and holding money and valuables in safe-keeping for the boys. Some of these services also were performed on an unofficial, good neighborly basis for 2,000 Army troops garrisoned there at the time. Army non-coms were paid by a flying finance officer who came to Nissan once a month in the "Bougainville Express" and obtained cash from the First Nissan. Army officers were paid by checks mailed from Bougainville.

Equipment in the First Nissan was almost as primitive as its surroundings. The safekeeping box formerly served as an ammunition case. A 2,000-pound safe was obtained by "midnight requisition," a procurement said to be made under cover of darkness and rendered much simpler if one is schooled in the art of horse trading. The other furniture in the \$5-million-a-year in-

One midnight the First Nissan Trust Company, "Oldest Banking Establishment on the Island," acquired a one-ton safe



situation included four scarred chairs, three small tables, a portable Army desk and a bench with plywood top supported by two-by-four timbers.

Advice on how to obtain a divorce, fill out absentee ballots, assign a mortgage over to a relative, and sundry other extra-curricular matters was sought from the unit almost daily. Advice was given out with caution and an extraordinary number of reservations.

One "client" was down in the dumps. Something had happened, he said, to convince him his wife didn't love him anymore. Lamenting he was "nervous in the service," he said he was thinking in terms of a change in insurance beneficiary, maybe even of a divorce. Lieutenant (jg) Huggins and Storekeeper Second Class Sheinberg took him aside

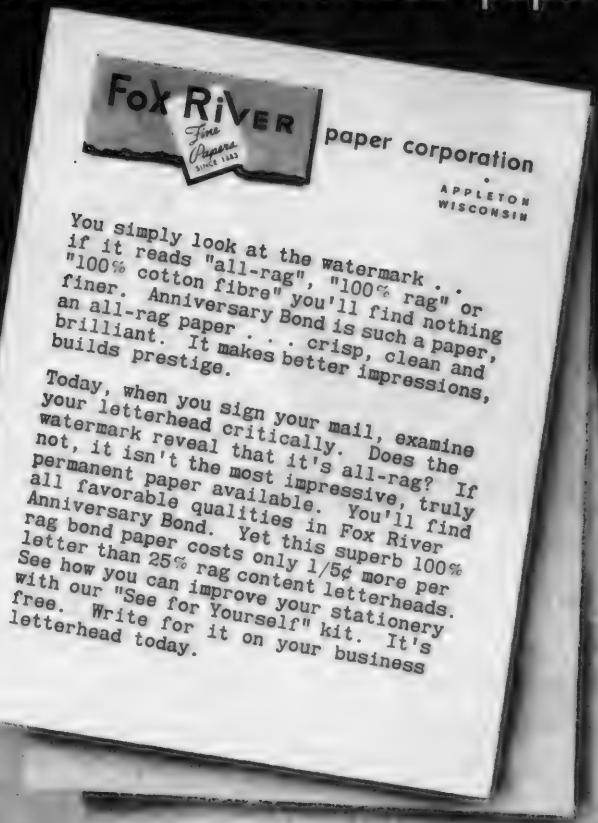


and gave him a "morale massage," a combination super pep talk and third degree. The youth decided to suspend action. A few days later he received a packet of letters from his wife, delayed for security reasons, and he was walking on air again.

The fiscal experts soon learned it was going to take considerable courage to keep their bank from being converted into a pawn shop. Customers were eager to hand over a native bow and arrow, pairs of sandals, or trinkets for the price of, say, two bottles of beer. But the First Nissan was a non-speculative non-investing, non-bartering enterprise, and its reputation as such remained unblemished.



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By the Way

"Too many husbands being shot," says worried Judge (Chicago Daily News). Judge, would you mind telling us just how many would be the right number?

A man who owns a summer cottage on a lake may not have a good time during the summer season, but the chances are dozens of his friends who visit him do.

The bone of contention in most quarrels is generally just a little above the ears of those doing the arguing.

Greece may be the cradle of civilization but quite a few groups in Greece have been rocking the cradle.

Europe is now at the point where hands are more important than arms.

With 24 million automobiles in the United States and millions more of new models to come, only a statistician can tell you what your chances are of finding a parking place in the future.

It's not a bad idea for a politician to remember that no newspaper can mis-quote silence.

In the concert of nations too many want to beat the drum and not enough want to play second fiddle.

No matter how high the cost of living goes, people insist on having it.

The fellow who says he would go through anything for his girl friend doesn't necessarily mean his bank account.

Classified Ad: "If the person who took the automobile tire from 72 Admiral Street will call, he can get four blowout patches that go with it."

The world will be back to normal when the common men and women of America are again wearing nylon and silk stockings.

A politician is a person who keeps the people loyal to him by keeping them angry at someone else.

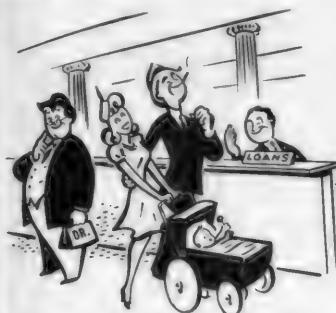
It takes an earthquake to disarrange the preconceived notions of some people.

Every exporter knows that foreign disorders prevent American orders.

Around Our Bank

In our town are numerous babies in whom we feel a proprietary interest because we helped finance their advent. There's Tommy, for instance. Father Tom and Mother Gladys were doing nicely on a fair-to-middling income when Tommy arrived, bringing joy and \$200 worth of hospital bills. Like many young couples, they had never possessed \$200 in their lives.

We made Tom a loan to be repaid in installments. We didn't hurt his pride by letting him know the doctor had signed a "side" guarantee of payment. Tom proudly paid off all the bills and in 10 months the bank was paid, too. Had he failed to pay us, the doctor would have refunded the money, received Tom's uncanceled note and proceeded with his own collection methods.



Now, when this little trio visits our bank, we are proud to know that through our timely assistance we have added to the self-respect and happiness of a splendid American family.

So HAPPY she fairly sparkled, a young woman came into our office the other day, to tell us that thanks to a miracle of modern science and a loan from our bank, she hears again. Almost "stone-deaf" for years, she had learned what deaf persons learn in sorrow—that while compassion is lavished on the blind, the "hard of hearing" meet for the most part only impatience, tempered with ridicule.

Several weeks ago she applied for a loan that she might undergo the marvel-working new Lempert operation which has restored hearing to many. The loan was granted, the operation performed successfully. Hearing and self-confidence restored, radiating happiness, she now spreads the news of her cure to others similarly afflicted. We in our bank are happy, too, that we have had a small part in restoring to this woman a life of happy usefulness through which joy will spread to many other lives.

BELLE S. HAMILTON

TO HELP YOUR CUSTOMERS PLAN SOUNDLY FOR PROFIT



NEW—Every Banker Whose Customers Ship on Credit Should Read This Book Now

IT'S just off the press . . . so write today for a free copy of "CREDIT LOSS CONTROL — a Must for Profit." Here is a timely new book . . . written primarily for manufacturers and wholesalers . . . which may mean the difference between profit and loss for some of your customers in the months and years of uncertainty and change that lie ahead.

Although it takes only 10 minutes to read, this book shows how failures multiplied after World War I . . . how the shift from a war-supported economy to peacetime competition brought business upsets . . . how American Credit Insurance prevented disaster for many companies during that hectic postwar period.

It shows how Credit Insurance will provide Credit Loss Control for your customers at surprisingly low cost . . . in these times when taxes may make it impossible for them to build and keep ample reserves to cover abnormal credit losses which may come later. It presents actual cases to show some of the many things that can happen . . .

to wipe out a debtor's ability to pay . . . during the 30-60-90 days after goods are shipped.

And in all of these things you will see why thousands of banks now recommend American Credit Insurance to their customers . . . and why many banks insist on this added protection in the granting of loans.

American Credit Insurance, you see, GUARANTEES PAYMENT of your clients' accounts receivable for goods shipped . . . and this protection now may be extended without cost to include the bank as a named insured. You may need this additional collateral on your commercial loans.

If ever there was a time when customers needed your advice, IT IS NOW! Write today for a copy of "CREDIT LOSS CONTROL" to: American Credit Indemnity Company of New York, Dept. 45, First National Bank Bldg., Baltimore 2, Maryland.

J. D. M. Fadden
PRESIDENT



American Credit Insurance

Guarantees Payment
of Accounts Receivable

OFFICES IN PRINCIPAL CITIES OF THE UNITED STATES AND CANADA

A SALUTE TO WICHITA'S WAR WORKERS

THE Service men and women on the far-flung battlefronts can feel justly proud of the wholehearted support given to them throughout the war by the people of Wichita. All Wichita people have fully supported the war by personal sacrifices and by both direct and indirect assistance, but this tribute is especially directed to those who work in all the large and small plants which together and in cooperation have turned out such vast quantities of war material.

Wichita's war workers represent a true cross section of Kansas people. They have performed miracles of production. Starting with little or no industrial experience, they have applied eagerness to serve and devotion to their jobs as a successful substitute for experience, and have produced a quantity of war production that has not been equalled on a per capita basis by the people of any other city or locality. The Wichita record of 18 Army-Navy "E" awards for excellence and 4 Maritime "M" awards for merit attests the outstanding quality of their workmanship.

They have come from near and far to lend their willing hands, strong backs, and active minds to the job of producing what our Government asked us all to deliver to our fighting forces. They closed up their businesses, left their farms, and changed their mode of living in order to help get the job done. A recent survey shows that a clear majority of these folks are in war work because of their desire to directly and personally contribute to victory.

The women have rendered invaluable service and have made a magnificent record of efficiency in tasks that they never dreamed they ever would attempt. The physically handicapped people have proved that their determination and courage more than offset their physical disabilities. The old folks who came from retirement have demonstrated that they too can do a full-sized job.

Generosity in Red Cross donations, both in money and blood, has characterized these fine people. They have invested many tens of millions of dollars in war bonds.

We feel that these folks are truly representative of Kansas people and that their achievements are derived from the strength and the support of all Kansas people. They have demonstrated that Kansans* not only can do whatever they want to do, but also can do it quickly and well. With this lesson of the war before them, who can doubt the future greatness of Kansas and of Wichita?

We respectfully salute the war workers for the job that they have done and the job that they will continue to do in war production and the peace production that is to follow.

*Of course all these folks are Kansans now, although many of them came here from other states, to help do the job.

Beech Aircraft



C O R P O R A T I O N

BEECHCRAFTS ARE DOING THEIR PART

WICHITA, KANSAS, U. S. A.



The View Ahead

HAROLD STONIER

DR. STONIER, executive manager of the American Bankers Association and director of the Association's Graduate School of Banking conducted in cooperation with Rutgers University at New Brunswick, New Jersey, scans banking and the American outlook in general.

YEARS AGO the banks in England practically gave up the savings business and diverted it all to the post office and to building and loan associations. Much of the trust business, particularly the smaller business in the field of trusts, they routed to the public trustee until the largest trust institution in the world is the public trustee in England—a governmental institution. It became almost impossible for the small business man to borrow from the large banks and hence he was driven into the hands of other than banking institutions if he wished any financing either on a short term or a long term basis.

Hence in a democratic country the

VETERANS IN THE PICTURE—Captain Ewald S. Schoeller, stationed at the Concordia, Kansas, Prisoner of War Camp, is one of thousands of servicemen to prepare for the future while in the Armed Services. However, he has the distinction of being the first serviceman to complete by correspondence work leading to the American Institute of Banking's graduate certificate. Before entering the service, he received his pre-standard and standard certificates through Essex County Chapter, A.I.B., while employed by the Lincoln National Bank of Newark, New Jersey.

Above, Representative Frank Carlson, on behalf of the American Institute of Banking, is shown presenting the graduate certificate to Captain Schoeller. Mr. Carlson has represented the Sixth Kansas District in Congress since 1934 and is a member of the House Ways and Means Committee.

English banks became few in number and limited their credit and investment functions almost wholly to large commercial accounts and the government investment.

In contrast to this development of the last 25 years of English banking is the story of American banking.

(Elsewhere in this issue will be found numerous articles and other material about

the banking outlook in America—touching especially on earnings and dividend policies, the merchandising of services and the many new developments which will determine the future.—ED.)

In the years following the last war our economic pattern was dominated in large measure by pictures of millionaires. New industries and some old ones produced new crops of millionaires.

One look at the national debt in comparison with the last war and the tax schedules and you will know that in the future millionaires are going to be few in number. We will have large corporations, yes, but more and more their ownership will be widely diversified into small holdings and but little concentration in the hands of a few. There will still be an opportunity for display of initiative and resourcefulness but the rewards for such will not be in the terms of great personal wealth. There will be differentials in wages and salaries but they will be wages and salaries. Returns by way of interest and dividends will be largely diversified. There will thus be brought about through the national debt and the tax load a leveling process at the point of great wealth for individuals. It will be an era of the competent common man.

WILL it be a better civilization than the civilization that was dominated by the millionaire? I don't know. There are hundreds of schools and colleges, libraries, churches and hospitals, art galleries, museums which have been made possible through the millionaire type of civilization which we have had in this country. America had a way of making it comparatively easy to develop the millionaire. And by and large the millionaire, once having attained his great wealth, became social-minded and gave most of it back to society through one type of gift or another.

Men over 50 have fewer years ahead on the mortality table than they have already lived. Such men ordinarily think of the "good old days." When they consider the future they visualize it in terms of taxes, of national debt, of problems of inter-

national peace, of war and reconversion. To them ordinarily it is a dark picture but if we had been living 80 years ago when Lincoln was in the White House and were going through the experiences of his time I don't think we would have had much enthusiasm for the future then either.

What of the Young Americans?

Yet if we were one of those Americans 19 to 26 years of age and in Army or Navy uniform in the devastated areas of liberated Europe or in the hell-holes of the South Pacific we would think America a pretty good country. We would probably be thinking of a wife waiting at home or some girl we would want to make our wife. We would be thinking of a job or a chance at some little business or other, of raising a couple of kids, of listening to a World Series baseball game and the Saturday night's stud poker party that would not be interrupted with Japanese bombs.

We would probably compare America with all that we had seen all over the world and pronounce it good. We would have great enthusiasm for its future, for I believe that we would be cocky enough to feel that the worst in America would be better than anything we had seen abroad. We would of course be a little conscious of taxes for Dad has been writing us letters. We would know something of the cost of the war for we would have had deductions for bonds from our pay check. We would not mind that much for I don't think that we would want to be millionaires anyway. But above all we would want to get in business again for ourselves or with someone already established.

While we would be patriotic about Uncle Sam and America, we would not want any government ordering us around, telling us when to sleep and when to get up, when to shave and bathe, or where to work and with whom. We would be against regimentation when we took off our uniform.

Of the 60,000 bank officers, less than 100 receive salaries large enough to be classified by the Government as people

(CONTINUED ON PAGE 141)

100,000,000 Bank

Customers

LEWIS F. GORDON

MR. GORDON is vice-president of the *Citizens & Southern National Bank in Georgia*. He is in charge of public relations, new business promotion, and advertising for the 24 offices and banks of the *Citizens & Southern system*. He is a former president of the *Financial Advertisers Association* and of the *Atlanta Sales Executives Club*. Prior to his entrance into banking some 13 years ago, his active business career had been in sales management, marketing, and merchandising.

MR. GORDON here discusses the new selling job ahead for banks. In a subsequent article he will take up various steps in mass selling of specific bank services.

IN HEADLINE form it would read: "10,000 Banks to Enter Consumer Credit Field." But, as in the case of so many stories, the greatest error one could make would be to stop with the headlines. In this case, there is much more to the telling—more perhaps than is realized by many of the banks which have already counted themselves in as part of the 10,000.

For a better understanding of the job ahead, we cannot stop with consumer credit. To that we must add a category of modern bank services—home modernization loans, no minimum balance checking accounts, appliance sales financing, agricultural loans, automobile financing, veterans' loans—and the end is not yet.

All these add up to a single total: bank service for the millions, as opposed to the old and long established program of class service to the so-called "moneyed people." And let it be said that no more affirmative action could have been taken to insure the continuance of chartered banking and the preservation of free enterprise. Dissatisfaction with banking service, resulting in ultimate control by government, would be the last step before complete domination of free enterprise by the same authority. Evolution by the bankers of the nation has been a strong bulwark against revolution by the people—the mass group which teetered on the verge of foolish things and needed only the leadership of men fully aware of the fact that with control of the banking system came economic control of the nation. It is mass voice which controls legislation, and bringing the masses closer to banking through services which they can use is the biggest step which banks can take toward favorable public opinion.

The post-war pattern of banking has been well laid out on the drawing board. To some extent, as represented by individual banks, working models have been made and there has even been some commercial production.



But, until all the factories are in full production, until the orders have been sold in quantity and customers are numbered by the millions for all the available products, the pattern will still be largely abstract. All of which brings us to the crux of the situation—the new selling job ahead for banks.

Let's take a good look at those words—"the new selling job ahead." By and large, that is not only a new job—it will also come as a new phase of operation for many banks. There are bankers who will rise up, almost in wrath, to contradict that statement. They will point to new business departments, show the record of calls made by officers, quote the figures on new accounts obtained and loans made. Within the sphere of their viewpoint, they will be right—and still be wrong, if they measure "the new selling job" by that phase of their selling efforts.

MASS selling isn't covered through polite calls by a vice-president, in such hours as he can take from his desk. Banking has a plethora of vice-presidents, but there are still not enough of them to go around to do this new selling job. It isn't the vice-presidents of industry who sell automobiles, radios, washing machines, and countless other items to the American public. They may establish policies, direct programs, mobilize and direct selling organizations, but they don't base factory production quotas on their personal selling skills or contracts.

That is the big, important lesson which banking must learn as quickly as possible if this pattern for mass use of bank service is to become a reality. Mass selling of any product or service calls for the smartest merchandising, advertising, and selling programs that can be devised and put into operation. That is especially true when the individual organization or industry is making what might be designated as a revolutionary change—which is true in greater or less degree of the majority of banks in the country.

In introducing this program, the banks start with a great advantage, born of the war. There is hardly a man, woman or child owning War Bonds or Stamps who has not purchased some of them at a bank. In other words, people are today more intimately aware of and acquainted with banks than they ever were before. In

this job of mass selling that is definitely going to help, as a background.

How, then, is this mass selling job to be done? The first step is obvious: make the American public fully aware of the fact that the banks have services for the millions, and want people generally to use them. Again, it is not too difficult to visualize the bankers who will rise up in honest indignation to declare that people already know this. Perhaps so; but a national survey made not so many years ago showed that less than 55 per cent of the people interviewed had a bank account. Unless those figures have changed greatly during the war, there would seem to be quite a market. Among those who said they had a bank account, only 60 per cent had checking accounts. Fifteen per cent of the professional men and 14 per cent of the business men interviewed had no checking accounts. So again there seems to be room for extended sales.

For the bank that is still skeptical about the market, it is suggested that it measure the present numerical total of its customers, adding to that figure the approximate totals of the other banks in the city or town, against the total population of the city or town and its trade area. If it wants to do a thorough job of convincing itself, it can break down the figures a bit. What percentage of people who could use checking accounts in that city, town, and trade area now have checking accounts? How many people now borrow from agencies other than the banks for small loans? What percentage of the people who finance commodity purchases on time-payment, do so through the banks?

There are other yardsticks, but these will suffice to prove the thesis that the first thing to do is to acquaint and sell the public on the fact that the bank has and wants people to use these mass services. That effort isn't a house to house, or office to office, personal-call sales effort. It means spreading the idea widely through newspaper advertising, direct mail, radio programs and

spots—exactly what the manufacturer does when he wants the public to know about a new car or radio.

Can a basic foundation of acceptance be laid that way? Coupled with the people who become customers and tell their friends about the service, it most assuredly can. In one large city, a bank recently made a survey of 4,000 average people, the kind who might be potential borrowing customers for a monthly repayment loan. They were asked by mail: "If a friend had need for a few hundred dollars, where would you direct the friend to go to borrow the money?" Eighty-nine per cent of the people replying said they would direct their friend to a bank and 56 per cent named a bank specifically. In this city all the banks have been aggressive in selling the "borrow at your bank" idea to the people generally. The base has been laid. It now remains for each bank to sell itself as *the bank* at which to borrow. It might be interesting for other banks to make such a survey and see how they stand with their communities.

IT IS axiomatic that there is no use in trying to sell people on borrowing at *your* bank, if people aren't sold on the basic idea that banks really want to make small loans. There is no use in trying to induce people to open a checking account at *your* bank, if people aren't sold on the basic idea of having a checking account. People had to be sold on the idea that teeth should be kept clean before any manufacturer could sell a dentifrice. People have to be sold on any basic idea before they are in a mood to become selective as to the place where they will purchase the commodity or service.

All of which sums up to the total that the first job is selling the American public on the concept that today there is in the average bank a range of services which will fit anyone from the newsboy on the corner to the corporation president—that you are equally welcome and equally desirable as a customer whether you come in overalls or a top-hat.

PHOTOS BY CUSHING



... All these add up to a single total, bank service for the millions, as opposed to the old and long established program of class service to the so-called 'moneyed people.' And let it be said that no more affirmative action could have been taken to insure the continuance of chartered banking and the preservation of free enterprise. . . .





To clean up bills systematically, borrow at our bank.

One interesting phase of bank advertising is the increasing use of cartoons and the lighter touch. This is from a series of 24 personal loan advertisements prepared by the A.B.A.'s Advertising Department

Sell that idea to the American public—convince people that the banks really mean it through the services which have been designed to fit mass needs—gear the banks mentally and physically to handle these people as they come and the banks will have taken long strides forward in building favorable public attitude. Again, we can go back to that pre-war survey to find that favorable public opinion is in direct ratio to the use which people make of banks. Those with no account are most critical, next most critical when having only a savings account, and so on up the line.

Therefore, we arrive at the conclusion that the first step in this new selling job has three distinct parts: (1) Agreement that mass banking is distinctly the need of the people and the program ahead for banking; (2) establishment of these services with proper provision for handling; and (3) selling the idea to the public.

WHAT HAVE BANKS TO SELL?

The interesting reaction which is certain to come from this list is that bank men, scanning it, will find omissions of services which they provide and which are not covered here. In so doing, they will simply prove the thesis that we have an even greater sales job than has been outlined.

APPLIANCE SALES FINANCING: Involves working with manufacturers, dealers, and the public—selling basic plan of commodity financing to public—providing dealers with display cards and promotion material.

AGRICULTURAL LOANS (crop production loans, cattle loans, farm machinery financing, farm mortgage loans): Confined primarily to banks in rural areas or adjacent thereto, it will involve farmers, 4-H Clubs and Future Farmers of America, manufacturers, and dealers in equipment.

AUTOMOBILE FINANCING (over-the-counter loans, dealer paper): The general public, registered car-owners, and insurance agents—also work with dealers for banks seeking dealer paper.

BANK BY MAIL SERVICE: The general public—with emphasis on bank customers who can use this service for convenience.

BANK MONEY ORDERS: The general public.

BUSINESS LOANS: Larger business units primarily.

CHECKING ACCOUNTS (Regular check service, No-minimum balance accounts): The general public.

CHRISTMAS CLUB SAVING: The general public.

COMMON TRUST FUNDS: The general public with emphasis on more substantial individuals.

FHA MORTGAGE LOANS: Home owners and prospective purchasers.

FHA MODERNIZATION LOANS: Home and property owners.

FUEL LOANS: Home owners and home renters.

GI LOANS: Servicemen.

HOME OWNERSHIP SAVING CLUBS: The general public.

INSURANCE PREMIUM FINANCING: Emphasis on large business units carrying large fire and casualty insurance coverage.

LIFE INSURANCE LOANS: The general public.

LOANS TO PAY TAXES: The general public—emphasis on larger income tax brackets.

MONTHLY REPAYMENT LOANS: The general public.

MORTGAGE LOANS: Home owners and prospective purchasers.

NIGHT DEPOSITORY SERVICE: Emphasis primarily on retail business houses.

RECONVERSION FINANCING: Large manufacturers with war contracts.

SAFE DEPOSIT: The general public.

SAVINGS ACCOUNTS: The general public.

SCHOOL SAVINGS: For banks having or wanting this business, work with school boards, children, and PTA.

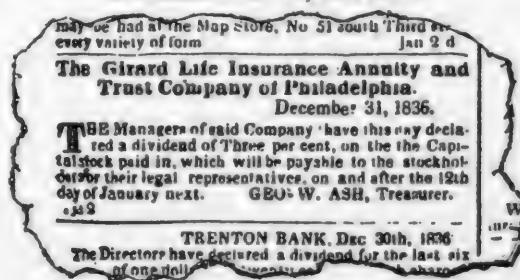
TRAVELER'S CHECKS: The general public.

TRUST SERVICE (agency service administration, executorship, life insurance trusts, pension plans): Selected classes and individuals identified as having property which justifies professional handling.

WAR BOND SERVICE: The general public.

This outline merely indicates specific services. It makes no attempt to embrace the general program of building institutional goodwill; good public relations; creating better public understanding and appreciation of bank service, what it is and does; participation in general civic and state activities; and a score of kindred efforts, all of which are a definite part of the planned selling job. Neither does it take into account building correspondent bank relationships.

By way of extreme contrast, we reproduce this old bank advertisement from 'way back in 1836





TAKE OUR BANKFOR

How Do Things Look to You?

There is nothing quite so helpful as a good old talkfest with others who are facing the same problems you are. So take a little time out for an informal chat and exchange of views with other bankers throughout the nation about the future—and WHAT a future!

While we cannot cover the entire field of banking in one issue, you will find the conversation touching on such subjects as home mortgages, veterans' loans, agricultural credit, small business loans, consumer credit, including automobile and appliance financing, checking accounts, etc. It is impossible, of course, to separate comments neatly

into these various bank-customer service categories.

This cross-country, bird's eye glimpse at what is ahead for banking in the post-war future is based upon a questionnaire sent to several thousand banks. Judging by upward of 2,500 replies, the outlook—so far as it can be judged under today's conditions—is for a substantial increase in the kinds of services banks will offer.

There was perhaps less optimism with respect to veterans' loans than in any other field. However, the majority felt that present difficulties would be eliminated by amendments to the GI act and experience.



ALL indications are that the most lucrative field for the supplying of loans is to be in the consumer credit lending field. Commercial loans, as we knew them in the past, are no longer available in the volume necessary to make any appreciable difference in a bank's income. Further than this, the rate of interest on such loans has declined to a point where the investment in them no longer is as attractive for a country bank as it has been in the past. On the other hand, there is every indication that a sizable volume of consumer credit loans will be available and we all know that such loans, even taking into consideration the handling of them, are quite lucrative.

It would seem, therefore, that the wise country banker would lay his plans now for the capturing of a sizable volume of consumer credit loans. His program would include plans for outside contacts in order to attract this type of loan into the bank.—T. ALLEN GLENN, JR., President, *The Peoples National Bank, Norristown, Penn.*

We anticipate a sizable increase in consumer credit loans and at this time are completing new and larger quarters for our instalment loan department.—H. P. KLEIN, Vice-President, *Iowa-Des Moines National Bank & Trust Company, Des Moines, Ia.*

Like many other banks, we anticipate a considerable demand for consumer credit and we plan to do the best we can to expand our services in this field. I find that the bank is expected to render this service and to make many small personal loans. We would encounter con-

siderable criticism if we failed to do so. Therefore, we might as well prepare to do enough of it so that we may make a reasonable profit.—BARTHOLOMEW O'TOOLE, *President, Pullman Trust & Savings Bank, Chicago, Ill.*

Our opinion of the general outlook in the banking business is most optimistic. We feel that we have never done a good job in our "shop" in consumer credit financing and now we intend to go after it very aggressively.

KFOR EXAMPLE . . .

sively. From the facts and figures that have already been presented us by the American Bankers Association it looks as if we were going to have a substantial volume of this type of financing.—E. M. STEPHENSON, *President, The Farmers National Bank, Salem, O.*

At this time we are concentrating more on various types of consumer credit than any other banking function. We feel that this is advisable at this time so that we will have a well rounded program, with the necessary forms and advertising material available, when a larger volume comes. This takes in, of course, automobile financing—both direct and through dealers.—H. A. MOLDSTAD, *Vice-President, The First National Bank, Mount Vernon, Wash.*

It has been our experience during the past few years that the banks in this area have been taking care of consumer credit and automobile financing, whereas the finance companies have dropped out of the picture.—V. J. BIRD, *Vice-President, Farmers and Merchants Bank, Provo, Utah.*

It is our plan to set up a separate department for small loans, instalment loans, appliance financing, automobiles, etc. We have handled business of this type for about 10 years with satisfactory results.—J. TRUMAN HOLLAND, *President, Commercial Bank, Thomasville, Ga.*

All Types of Consumer Credit

One of the fields in which we have greatest interest for post-war expansion of our business is instalment loans and consumer credit financing of every kind and character. We are definitely entering this field in a vigorous and competitive way. The new department will be under the guidance and supervision of a man who has wide experience in consumer credit financing and has complete knowledge of that field.—R. M. BUNTER, *Vice-President, The Merchants National Bank, Topeka, Kan.*

In various surveys which we have made in our community, we believe our greatest field will be in consumer finance. We have established a small loan division under competent supervision. We are satisfied that unless

this whole category of loans receives constant attention, it will be difficult to build up a satisfactory volume.—LOUIS SCHRIBER, *President, First National Bank, Oshkosh, Wis.*

Consumer loans are being secured in greater volume, which we believe is due largely to our consistent advertising campaigns and personal solicitation of this type of business. The amount of our consumer loans outstanding at this time is more than twice the amount outstanding 12 months ago.—DEWITT T. RAY, *President, The Liberty State Bank, Dallas, Tex.*

I fear that the severe and, I might say, unthinking competition of banks will take all the profit out of the consumer credit field. So few banks understand unit cost accounting, although it is growing under A.B.A. urging. Many will plunge ahead into the red ink without even knowing it.—C. F. BURTON, *President, The City Bank, Washington, D. C.*

We are laying plans to work very closely with the merchants who sell consumer goods of all kinds with the view of gaining a substantial volume of consumer loans. We think there will be a tremendous demand in rural communities for all kinds of farm machinery and electrical appliances.—C. B. JOHNSON, *President, The First State Bank, Celina, Tex.*

In Retail Banking Business

Our bank has primarily been a consumer credit institution, although we have actively sought commercial loans and will continue to do so in the post-war era. We have very definitely confined our commercial lending to small business. It might be properly said that we are in the retail banking business as we cater to the masses. We feel that there will be a great demand for consumer durable goods after the war and the banks of the country have a real opportunity to serve the public by placing at their disposal their tremendous credit facilities.—R. PAGE FRENCH, *Executive Vice-President, Southern Bank and Trust Company, Richmond, Va.*

We are definitely bidding for consumer credit business and are expanding our dealers plan which we used before the war. We believe that our bank, if it uses sufficient foresight to exploit all the opportunities that will be available for both new and old business in the coming period, will experience very profitable earnings. This opinion is based on observation gained from talking to our customers about their post-war needs. This should not only hold true for our particular institution but should be true with all other banks.—HARRY B. ROBERTS, *Cashier, The New Castle County National Bank, Odessa, Del.*

It is my opinion that there will be a demand for consumer credit by individuals, who, though having benefited by large incomes during this war period, do not have sufficient reserve to cover the reconversion period, which is almost sure to create rather extensive temporary unemployment. Others in this category will soon



use up their reserve in the purchase of homes and modern new appliances. For this reason, we plan to place special emphasis on a consumer credit department with every facility for instalment loans and financing of every type as well as the usual term consumer loan.—*G. E. ALBEE, President, Peoples Savings Bank, Waterloo, Ia.*

We anticipate a very active demand for many types of goods, particularly automobiles, appliances, furniture, etc. This demand should last several years. During this period undoubtedly the banks will profit through additional need for financing, particularly in consumer instalment notes.—*L. W. DUNCAN, President, The Commercial National Bank, Muskogee, Okla.*

We notice that several large concerns that formerly carried their own customers' finance paper are going out of that field, notably the International Harvester Company, and we can see a considerable volume of business handling instalment sales. This is really a function of the banks anyway, and it got away from us because we were afraid of it.

We believe our volume of loans will be greatly expanded within a year from the cessation of hostilities, and we expect to make more money then, and be of better service to our community.—*W. H. LEISER, Cashier, The Citizens State Bank, Ontonagon, Mich.*

Mass Consumer Challenges Banks

As a representative of an institution which for many years has specialized in all types of consumer goods financing and personal loans, we are repeatedly impressed with the important challenge which confronts banking among the mass consuming public of this country. In our opinion it cannot be pointed out too often how great is the opportunity as well as the responsibility for the banks of America to gear themselves to satisfy the legitimate needs of every credit-worthy person. This is primarily an "on-the-spot" job for local banks to provide the maximum amount of bank service and credit to local business and local consumers.—*CLYDE C. SHIVELY, President, The State Industrial Bank, Columbus, O.*

We have contacted all of the automobile, airplane, and appliance dealers in our trade territory advising them we would be glad to floor plan their new merchandise when it is received, and in the event that they wish to use our retail credit plan we will also be in a position to serve them along these lines.—*F. H. CHILCOTE, President, The Farmers & Stockmen's Bank, Clayton, N. M.*

We are making preparations to handle a considerable volume of appliance sales financing and while we have

for a number of years handled automobile financing, it has been on over-the-counter loans. Our present plan is to take on dealer paper.—*R. L. EBERHARDT, Executive Vice-President, Stockton Savings and Loan Bank, Stockton, Calif.*

We are contacting our automobile dealers and appliance dealers and working out a plan whereby this type of business can come to us instead of letting it go to a finance company.—*E. A. SCHIPPER, Cashier, The State Bank of Viroqua, Viroqua, Wis.*

We hope to cooperate on a nationwide scale with banks in financing home appliances. Our plan includes automobile financing and floor planning loans for automobile and home appliance dealers.—*WILLIAM C. CARTER, President, Gulf National Bank of Gulfport, Gulfport, Miss.*

Rural Electrification Expansion

As there has been a wide expansion of rural electrification in this section, we expect to assist in the purchasing and financing of many electrical appliances. Also, we are now working out a plan to bring into this community a tiling machine. We are trying to get tiling on a large scale with the farmers. Right now it is difficult to purchase the machine, but this is one of the projects we are going to push as soon as the war is over.—*OSCAR ROGERS, Cashier, Hubbard State Bank, Bad Axe, Mich.*

With the present rural electrification program there will be a great demand for electrical equipment on farms which will create some demand for funds and loans.—*H. J. STEFFEN, President, American State Bank, Watertown, Minn.*

We have been promised REA services that will open a field of home appliances for the farm, which we are planning to extend credit for when needed.—*G. W. SHAFFER, Jr., Vice-President, The First State Bank, Beaver City, Neb.*

We plan on going into the appliance sales financing rather extensively. We have contacted our local power company that serves 10 neighboring towns in addition to our own and they have agreed to finance all their appliance sales for our town through us. This type loan will be handled by dealer endorsement thereby protecting us in event of repossession.—*L. O. NICHOLS, Cashier, Marion County Bank, Vienna, Mo.*

Already our appliance people are taking advance orders, with substantial cash payments for the appliances if and when they are delivered. Appliance people report from 300 to 400 advance payments each year, and this will probably continue until appliances are available, which will probably be some two years. We will have a part in financing these appliances.—*C. C. SCATES, President, Fidelity State Bank, Dodge City, Kan.*

We have contacted a number of appliance and automobile dealers and we believe once the products they

sell begin to roll from the production lines that there will be a real interest on their part in both the floor financing and the financing of sales through their local banking connection rather than through a nationwide financing corporation.—GEORGE H. STEBBINS, *Vice-President, The Simsbury Bank & Trust Company, Simsbury, Conn.*

We have handled many notes secured by refrigerators and radios, most of these being sought through dealers with their endorsement. In the post-war period it is our plan to aggressively solicit loans for the purchase of electric refrigerators—through both direct mail and newspaper advertising.—E. C. EDENS, *Vice-President, First Coleman National Bank, Coleman, Tex.*

We have established a time sales department in charge of an experienced officer in this field of finance, which will be one of our main activities in developing business in the future. We shall develop the business through authorized dealers in automobiles and home appliances and shall not approach the consumer directly.—CALEB S. GREEN, *President, The Trenton Banking Company, Trenton, N. J.*

We have handled appliance sales financing principally through dealer contact. We have a paid servicing corporation solicit new loans as well as take care of delinquencies. In the past we have endeavored to specialize in this type of business as well as agricultural loans and we expect to aggressively continue both in the future.—WALTER WIGHTMAN, *Vice-President, The Bank of North Collins, North Collins, N. Y.*

Auto Dealers Getting Ready

We, along with most every bank, I imagine, expect a large volume of automobile and appliance financing after the war. Several of our automobile dealers are remodeling their buildings and getting prepared for the release of new cars, which is expected within the next year. We have had a number of small appliance dealers set up business here in Fayetteville in the past three months.—ELLIS E. SHELTON, *Vice-President, First National Bank, Fayetteville, Ark.*

We hope to have a large volume of business in automobile financing, in both over-the-counter loans and dealer paper. Our experience before the war was highly satisfactory and profitable in that we had a capable automobile finance manager with years of training. We hope to reestablish such a business but will conduct this business outside our usual banking quarters.—W. E. BRUNER, *Ass't Vice-President, The Commercial National Bank, Spartanburg, S. C.*

We expect to reenter the automobile financing in a big way. Our experience in the past in this field has been very satisfactory, and we anticipate a greater volume of this business in the years ahead than we have had in the past.—J. V. WALKER, *Cashier, Bank of Camden, Camden, Tenn.*



The advertisements illustrating this discussion are suggested themes for bank copy prepared by the Advertising Department of the American Bankers Association

We are working with our automobile dealers with a view to financing their automobile purchases, as well as handling their customer paper.—H. H. STONEBROOK, *President, The Citizens National Bank, New Philadelphia, O.*

We are cooperating with the local insurance agents to bring before the public the advantages of financing their new and used cars through local channels and securing the proper insurance coverage in like manner. In the past we have found this method much to our advantage.—H. K. HOBЛИT, *President, The Southern Missouri Trust Company, Springfield, Mo.*

Over-the-Counter Auto Loans

We expect to go after automobile financing very aggressively, both over-the-counter and dealer papers.—E. M. STEPHENSON, *President, The Farmers National Bank, Salem, O.*

We are planning to take care of a great increase in both over-the-counter loans and dealer papers in automobile financing.—PAUL H. BURK, *President, The First National Bank of Riverside, Riverside, N. J.*

We expect especially to emphasize automobile financing in over-the-counter relations. We feel that the reluctance of banks in the pre-war years to meet the demands of the automobile industry made the finance companies spring up and flourish. We believe experience has shown that automobile financing is a safe operation for a bank as well as profitable.—W. C. BRAGG, *Cashier, The Bank of Vernon, Vernon, Ala.*



It is the intention of our bank to enter the field of financing the purchase of automobiles with over-the-counter loans especially. We will also handle dealer paper if we can make proper arrangements to protect us against undue risk.—W. W. JACKSON, *Cashier, St. James Bank, St. James, Mo.*

We have established a time sales department in charge of an experienced officer in this field of finance, which will be one of our main activities in developing business in the future. We shall develop the business through authorized dealers in automobiles and home appliances and shall not approach the consumer directly.—CALEB S. GREEN, *President, The Trenton Banking Company, Trenton, N. J.*

We have contacted a number of appliance and automobile dealers and we believe once the products they sell begin to roll from the production lines there will be a real interest on their part in both the floor financing and the financing of sales through their local banking connection rather than through a nationwide financing corporation.—GEORGE H. STEBBINS, *Vice-President, The Simsbury Bank & Trust Company, Simsbury, Conn.*

We expect to emphasize consumer credit and more particularly automobile financing through dealer co-operation. We think that in this field there will be unlimited possibilities for developing a profitable source of business, with the risk widely diversified, thereby reducing to a minimum the loss factor.—KENNETH W. THOMPSON, *Vice-President, Orange County Trust Company, Middletown, N. Y.*

Purchase of Dealer Contracts

For a considerable number of years this bank has specialized in appliance sales financing, agricultural loans, cattle loans, farm machinery financing and automobile financing through the purchase of dealers contracts. In the immediate future and after the close of the war, we are planning to carry on these services, possibly to a larger extent than we did prior to the war. We have found this class of business very profitable and our experience has been very satisfactory. We might add that one of our reasons for specializing in automobile financing by the dealer contract plan is that it has brought us many contacts that we have every reason to believe would not have reached us if we were attempting to make the loans direct.—C. F. CADWELL, *President, Union Story Trust & Savings Bank, Ames, Ia.*

We have been engaged for several years in automobile, farm machinery and appliance contracts of sufficient volume, so the venture has been very satisfactory.

We started by taking dealers contracts, but have since made a good many over-the-counter loans. We feel this will furnish a broad field in the future.—S. R. DECOU, *Cashier, The First National Bank, Woodbine, Ia.*

We are particularly interested in insurance agent-bank automobile loans and have presented to the Baton Rouge insurance agents our proposed plan of handling these loans.—W. LEROY WARD, JR., *Executive Vice-President, Fidelity National Bank of Baton Rouge, Baton Rouge, La.*

We have employed an experienced automobile finance man to further develop our automobile and small loan department after the war. We have had this department for several years, having felt our way along until we learned some of the pitfalls by experience.—C. W. ROSS, *President, The Merchants National Bank, Aurora, Ill.*

Automobile financing shall be given special attention. With us, as with most other banking communities, there has been a dearth of loans and we look for considerable pick-up along this line, judging from the inquiries we have at the present time.—D. J. REESE, *President, First National Bank, Danville, Penn.*

Floor Plan Financing

We have gone over the requirements of our automobile and truck dealers and have made commitments for floor plan financing as well as the attendant consumer credit. . . . Automobile financing naturally is in our picture for we have had that type of business in this bank ever since it opened. We will make over-the-counter loans but experience has shown us that we cannot get adequate volume by going through insurance agents, direct mail advertising, newspaper advertising and carry the load of the department. Furthermore, as competition gets tougher and tougher we cannot see how it would be possible to cut the insurance agents in and still meet the reserve rebates and rates of the finance companies. Consequently our main stress at the present time is through proper dealer connections.—B. P. ALLEN, *President, The First National Bank, Wabash, Ind.*

With reference to automobile financing, we are planning on a considerable amount of this business, which we prefer to be 95 per cent with the purchaser, inasmuch as our experience with loans direct to the consumer are much more favorable, and cause us less trouble than made through a dealer. We will, however, finance dealers for their purchases for reasonable amounts.—M. D. GOODFELLOW, *President, The Washington County National Bank, Granville, N. Y.*

We have been handling automobile paper for a great many years and have always found it highly satisfactory and very profitable. We think that any bank that overlooks handling it is passing up a good bet.—H. M. ALEXANDER, *President, City Bank & Trust Company, Natchez, Miss.*



We have in the past and will continue to carry a substantial part of local building expansion in both home and business properties. We are always prepared to meet any and all loan requirements that are mutually advantageous to both the borrower and ourselves without regard to any particular "brand name" of loan so long as the result shall not be contrary to the common good. Our financial services do now and will in the future include those activities which facilitate financial transactions and meet the needs of the banking public—keeping in mind always that it is our duty to anticipate such needs.—W. E. BRUNER, *Assistant Vice-President, The Commercial National Bank, Spartanburg, S. C.*

From the survey made by our local Committee on Economic Development, of which I am a member, we know there will be many new homes built and also substantial additions to our local manufacturing plants. The survey also indicates that this community will need at least 1,000 additional workers, even though all the men who left our community to enter service return to us after the war.—B. J. SCHOFFERMANN, *President, First National Bank, Chicago Heights, Ill.*

We are actively pressing mortgage loans, and in this connection, let me say that last Winter the New Jersey legislature enacted a very broad mortgage law for savings banks. In this law we are permitted on one-, two-, three- and four-family houses to loan as high as 80 per cent. We are featuring this in our advertisements. We are making a great point of the character and standing of the individual to whom we make the loan. We are also encouraging remodeling and improving of homes on which we currently have mortgages.—GEORGE R. BEACH, *President, The Provident Institution for Savings in Jersey City, Jersey City, N. J.*

Active Real Estate Market

We anticipate building operations when materials are available. There is an active real estate market at the present time with rising prices which may prove to be serious. We are having serious competition from life insurance companies for mortgage loans at reduced rates and very serious competition from out-of-town Federal Savings and Loan Associations at large percentage cost with very much inflated values.—SPENCER S. ADAMS, *The South Norwalk Trust Company, South Norwalk, Conn.*

We are very much interested in building loans of all kinds, feeling that when the war is over there will be a tremendous activity in this respect. We are also very

much interested in FHA modernization loans, based on most satisfactory experience of pre-war.—L. H. LOPEZ, *President, The Pajaro Valley National Bank, Watsonville, Calif.*

There is a pronounced housing shortage in this area and we look forward to considerable building as soon as materials are available. We expect to obtain some excellent loans from those who are planning to build. Some of these loans will be placed with the FHA and where the amount loaned does not exceed 60 per cent of the appraised value, we will handle the loan ourselves without the FHA insurance.—E. W. SANFORD, JR., *Cashier, The First National Bank of Farmville, Farmville, Va.*

Bank Promotes Home Planning

We have sent out approximately 2,000 letters and upon request have forwarded 100 "Guide to Home Planning." We have had a substantial number of inquiries for post-war financing of new homes and for remodeling. One officer has been placed in charge of that work and is doing a good job.—B. P. ALLEN, *President, The First National Bank, Wabash, Ind.*

A large amount of building is expected to follow the easing of restrictions. Twenty-five residential units have recently been approved for Cordele, some of which are now under construction. This bank is a qualified handler of FHA loans, and we are already financing residences under this emergency allotment. We expect to handle, under FHA, most of the residential building after the war.—J. B. DOWNS, *Vice-President, First State Bank, Cordele, Ga.*

We are making plans now for a better home clinic to be conducted during the fall and winter season, by which we hope to introduce the various subjects of home building and remodeling, with discussions led by competent people.—SEWARD D. SCHOOLER, *President, Coshocton National Bank, Coshocton, O.*

We have made quite a few loans to workmen to buy their homes, payable on a monthly basis. All have proven satisfactory but we don't get enough of them.—H. E. WARREN, JR., *Cashier, Pulaski County Bank, Richland, Mo.*

We are having numerous inquiries relative to the purchase or building of homes. This has led to our organizing an "Own Your Home Club," which already has 300 members.—G. B. DOLBEARE, *Treasurer, The Norwich Savings Society, Norwich, Conn.*



We shall emphasize making mortgage loans on residential real estate and are prepared to make advances during construction, advise with prospective owners on materials, methods, construction supervision, contracts and all phases of the problem. Our "Home Planners Club" with 325 members is the backbone of a good start.—L. A. TOBIE, *President, The Meriden Savings Bank, Meriden, Conn.*

We are having an increased demand for loans of all kinds, especially on real estate and building. We have made more than usual loans on real estate lately and look for an increase in this business. We have made this type of loan for over 50 years and like it.—GEORGE E. LEWIS, *President, The Lewis State Bank, Tallahassee, Fla.*

We are starting an FHA loan department and are receiving several Title I and II loan applications as well as Title III (GI) loans. Of course, we are continuing to make our full proportionate quota of other kinds of mortgage loans. If OPA controls were reduced about 50 per cent we could probably get plenty of new construction loans, as many are interested in home building as soon as priorities are removed and supplies become available.—ARTHUR G. GARANT, *Assistant Treasurer, Ludlow Savings Bank, Ludlow, Mass.*

Prospect for immediate demand for loans is very promising here on the San Francisco peninsula. There are many new subdivisions, some of which are already started for home construction. On one subdivision alone they are planning on building 1,600 homes. At the present time there is considerable building going on covering emergency housing. Also many inquiries are coming in for remodeling both homes and business buildings.—J. E. MORRISH, *Vice-President, The First National Bank, Redwood City, Calif.*

Future in Mortgage Loans

Home mortgage loans are being discussed with us in greater volume from day to day. It is our desire and intention to be unusually active in this field of financing when a greater volume of business is available. This will come about, of course, not until home construction may be undertaken on a comparatively large scale. At this time, however, we are securing a satisfactory volume of FHA modernization loans and mortgage loans for refinancing outstanding home loans which have been reduced during recent years to where they qualify for bank investments.—DEWITT T. RAY, *President, The Liberty State Bank, Dallas, Tex.*

We have taken on more than \$500,000 in mortgages during the past year on existing structures, in view of

the curtailment of new buildings. Besides new construction, we expect a lot of remodeling and improvement loans along with auto, truck and farm machinery financing.—W. E. KOUTENSKY, *Cashier, Long Island National Bank of Hicksville, Hicksville, N. Y.*

We are going to put considerable emphasis on lending money on home mortgages. We need a lot of new homes in the community and lots of existing homes should be repaired and refurnished. We think it's a good thing for nearly everyone in a small town to own his home, and we have noticed that in periods of recession it's not the home owner who is unemployed. He generally manages to find some work to keep up his home payments, or to retain his home.—W. H. LEISER, *Cashier, The Citizens State Bank, Ontonagon, Mich.*

We feel that in the building of new homes there will be a big field for mortgage loans, many of which will be FHA, also a large volume of direct mortgage loans for reason that people have been saving either in a savings account or War Savings Bonds so that they will have a substantial amount to pay on a new home and prefer procuring a direct mortgage loan.—C. F. WITT, *President, The South Omaha Savings Bank, Omaha, Neb.*

Ad Campaign to Attract Home Builders

We are planning an advertisement campaign starting this September, designed to attract those interested in home building. There appears to be considerable interest in building new homes in our community and we want to get at least our share of the mortgage financing. Another field we believe should be explored in our community is that of painting and remodeling homes. We feel a campaign along this line in cooperation with the local banks and contractors should produce some good loans and improve the looks of our town.—LINDLEY S. HURFF, *President, First Milton National Bank, Milton, Penn.*

We have had a number of inquiries regarding home building loans and we want to make effort to be ready to take care of these applications just as soon as the material will be available. The majority of these homes that will be built will be under FHA, the average cost being around \$7,500.—ELLIS E. SHELTON, *Vice-President, First National Bank, Fayetteville, Ark.*

It would seem now as though there may be considerable demand for building of homes, since Danville is one of the towns which was not able to meet the requirements of increased industrial activity during the war period. There should be at least 500 new houses of substantial proportion built in Danville and surrounding territory.—D. J. REESE, *President, First National Bank, Danville, Penn.*

We are having inquiries on home building and modernization for present homes. We plan to make available to these persons the type of financing they will require. From our present observation we are of the opinion that most of the loans will be made without the aid of the

FHA as most of our customers will have enough money for substantial down payments.—J. N. PATTERSON, President, *The Watsontown National Bank, Watsontown, Penn.*

We hope to get our share of the financing of new homes and have recently inaugurated a publicity campaign designed to acquire a list of prospective home-builders with whom we will keep in close contact. We are also promoting repair and modernization loans of which we believe there is considerable potential volume.—W. E. ALEXANDER, President, *The Lancaster County National Bank, Lancaster, Penn.*

Our city is fairly certain of considerable post-war industrial development and the greatest problem facing us, in that event, will be housing. A lot of new homes must be built, but we cannot visualize new building sufficient to overcome the shortage, so modernization of present dwellings is also an important factor.

With that in mind we are concentrating considerable of our advertising towards home financing, modernization of both residential and commercial buildings.—J. LUKKARILA, Cashier, *The Marine Savings Bank Co., Ashtabula, O.*

At the present time we are most interested in mortgage loans, for the reason that our mortgage portfolio is being decreased by amortization and also by full cash payments. Our new mortgage loans are not sufficient to offset the amount of the decreases. We are, therefore, concentrating on mortgage inquiries.—H. W. KETELHUT, Treasurer, *City Savings Bank, Meriden, Conn.*

There should be considerable home building in this area after the war and when materials are available. This particular area did not include any temporary war factories but there has been considerable industrial de-

velopment on each side of us so that there should be an increase in the home building all through this area.—A. A. SEARLE, President, *The Geneva Savings and Trust Company, Geneva, O.*

*We have, since the inception of Title I FHA, accepted modernization loans, I believe, to a greater extent than any other Pittsburgh bank. This business has been very substantial during the war and has held our total volume in this particular department to a considerably better than average figure. We think the potential field for this business is following the war possibly equivalent to as much as 50 per cent of that which will be available in consumer credit. We were the first bank in this community interested in FHA mortgage loans and our interest is keener now than it was at that time. We anticipate participating in a permanent builders' exhibit which we feel will give us considerable volume of leads.—JOHN KINNEMAN, JR., Vice-president, *Peoples-Pittsburgh Trust Company, Pittsburgh, Penn.**

Large FHA Volume Anticipated

We expect to go all out for FHA mortgage financing. Up until the beginning of the war we were always rather active in this field but unless our quarters are enlarged we do not have the facilities or space to properly service such a department. This condition has been caused by an expanded coverage of the citizens of the various municipalities in this section and not from any mushroom war activities. We anticipate a tremendous volume of FHA mortgage business and if we do not get it we will go elsewhere.—WALTER M. HOFFMAN, Vice-President and Cashier, *The Hillsdale National Bank, Hillsdale, N. J.*

We have had numerous inquiries from our customers as to the financing of modernization of homes and the financing of new equipment to be installed in homes.

If a building program develops, as anticipated, there is no question but what this community will have a substantial growth—and in this respect an up-to-date bank would gain the favor of people coming here to live.—GUY F. EVERED, Vice-President, *Rye Trust Company, Rye, N. Y.*

We are planning on financing new homes and remodeling of homes. . . . For quite a long time we have used a good amount of the American Bankers Association advertising material and this with our new home and our modern equipment has had much to do with bringing us all the new business that has come to us in recent years.—T. CLAYTON PARSONS, Cashier, *Bank of Ripley, Ripley, W. Va.*

Our plans are to place special emphasis upon home building, remodeling and automobile and monthly repayment loans. We have had a great many inquiries about these types of loans and it is our opinion that there will be a great volume of loans of this type in the post-war period.—J. O. GILLHAM, President, *Brownfield State Bank, Brownfield, Tex.*



Mortgage money to help you buy, build, refinance or borrow on your home is available here at low cost. Tell us what you have in mind and we'll suggest a mortgage financing plan.



EXPECT a substantial increase of agricultural loans of all classifications. Area serviced here is largely agricultural and shows a moderate growth. We apparently have the goodwill of the public through our participation in all war activities and it would seem that the banking service should be able to fulfill its obligations to the community, the nation and its stockholders without altering its management.—C. S. BECKER, *Cashier, The Second National Bank, Cooperstown, N. Y.*

Our outlook generally is very bright towards financing our farmers in the purchasing of automobiles, electrical appliances and farm equipment. Our bank is interested in most any type of banking business that will be helpful to our farmers.—J. B. CROSBY, *President, First-Citizens Bank and Trust Company, Greencastle, Ind.*

For more than 10 years we have loaned money quite extensively to our farmers in financing farm equipment, farm machinery and livestock. These loans have been made on an instalment payment basis, taking chattels in one way or another as security. The loans have been very satisfactory. We expect to continue to serve our farmers in this manner.—W. W. BEAMAN, *President, The First National Bank, Troy, Penn.*

Our farm service department has been most helpful to our bank in maintaining our loan balance, with farm financing at a new all-time peak as of June 30. We have contacted all of our local farm machinery dealers and will handle a large portion of their financing.—E. M. STEPHENSON, *President, The Farmers National Bank, Salem, O.*

Bank Holds Livestock Show

For several years, we have been encouraging more and better beef cattle. We sponsored the first horse and cattle show here just two years ago. Interest in this enterprise has grown so rapidly, in two years, that the county has recently purchased a small farm here, a portion of which will be used by the livestock interest to promote bigger and better shows. Our bank, naturally, is pleased with results so far, and we expect some post-war business from this source, by financing purchases of better cattle, feeder cattle and expanding facilities to care for this increased livestock business.—J. G. DICKERSON, *Vice-President, Union Bank and Trust Co., Amelia, Va.*

Our bank has always been and will still be interested in making reasonable cattle and other agricultural loans. But it is my opinion that no bank can make cattle loans year after year on the basis that PCA's

make loans. Of course, loans on that basis can be made while prices remain on a level or are rising but when prices decline the 100 per cent loans will not be as profitable as during the past few years. When that time comes, such loans are going to be harmful to both the farmer-stockman and the loaning agency.—W. W. JACKSON, *Cashier, St. James Bank, St. James, Mo.*

Our farmers, as a class, are free of debt, with War Bonds and cash reserves—just the opposite of the end of World War I, when they were heavily in debt. There are, of course, a few who have unwisely bought high-priced farms, owe mortgages—but the great majority are in very fine shape. We have, for perhaps two to three years, a good class of potential borrowers in this group.—CLARENCE P. WEBER, *Manager, Delaware Trust Company, Middletown, Del.*

Agricultural Loans to Double

Our bank has always been an agricultural bank. Before World War II we were able to loan practically all our available funds and had no investment portfolio. The condition now is just reversed with us, as with about all other banks. We believe we can double our loans as soon as conditions approach normal, and these loans will be primarily agricultural. We will do real estate financing, both farm and residential, and handle over-the-counter instalment loans, for cars, trucks, and appliances, as we did in pre-war days.—COATS A. MITCHELL, *Cashier, Grant County Bank, Sheridan, Ark.*

*We are particularly interested in business and agricultural loans as we are in an agricultural section, a small main street town of two thousand people. It is a part of our future plans to keep up to date blueprint farm plans of every farm in our trade territory—who occupies said farm, for how long, what and how much they produce and finally what are the possibilities of our being of service by offering facilities at our disposal. We plan to have a representative of the bank visit each farm one or more times during the year—just visiting—but at the same time not overlooking opportunities of service to bank and customer or potential customer. . . . This is the second largest poultry- and broiler-producing area in the United States.—C. D. CAMPBELL, *President, Nixon State Bank, Nixon, Texas.**

As we are a farming community, a great many of our loans are to farmers and they are badly in need of new farm machinery and improvements on their farms; such as fences, etc. We have put on a campaign for farm loans as we have had very strong competition from the differ-

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ent government agencies. We have employed an outside man for this purpose and it has proven very satisfactory. Contrary to most country banks, we have increased our farm loans by going after this competition.—G. G. WELSH, *President, Union Trust Company, Greensburg, Ind.*

We are located in a farming community and we have always made a special effort to take care of the farmers in this community. We have sponsored 4-H Club work in this community for a number of years and are still sponsoring this work.—G. W. HARSH, *Cashier, The Citizens National Bank, Greencastle, Penn.*

How to Meet Competition

The country banker, in the post-war period, will have to go out in his car and call on his customers, both in town and out in the country regularly, or the finance companies and Federal agencies will get the cream, and he won't do very well on skim milk. The country banker must very definitely develop his capacity as a salesman and sell his people on the advantage of dealing with home folks, he must understand their problems, and fit the deal to the individual rather than making the individual fit a standardized program. If the country banker will get out and dust, he will prosper in the post-war period.—B. M. HARRIS, *President, The Yellowstone Bank, Columbus, Mont.*

We are at this time doing a reasonable amount of agricultural loans, but plan on having a representative spending at least 50 per cent of his time on agricultural loans, which, of course, deal with farm machinery, cattle loans and such farm mortgage loans as a national bank may be able to take. For other farm mortgage loans, which require longer amortization periods than the

bank can take, we are expecting to enter into an agreement with a large organization whereby they will take these loans from the bank after a few years servicing by the bank, and reimburse the bank for the total unpaid balance at the time the mortgage is so purchased.—MAYNARD D. GOODFELLOW, *President, The Washington County National Bank, Granville, N. Y.*

There is much new business ahead in the banking future of country banks. We all know that the purchasing power of the farmer is higher than ever before. Many of our customers are planning extensive expenditures for new buildings, remodeling and for new machinery, all of which they were unable to do for the past several years. Farm machinery is wearing out and banks will have the opportunity of obtaining loans which will enable the farmer to finance his program.—WILLARD F. MAN, *Cashier, The First State Bank, Prairie Farm, Wis.*

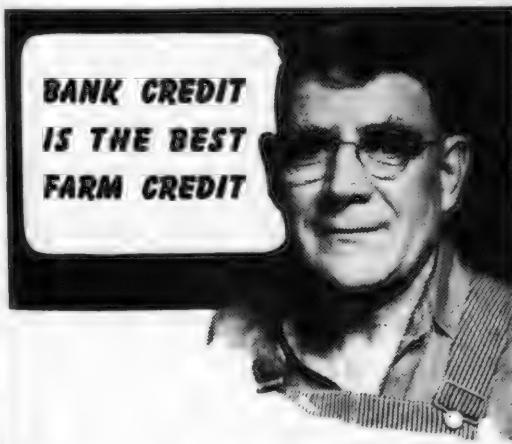
We are in an agricultural portion of Kansas, and we took care of all of the needs of our farmers during the depression, without government aid, and we expect to do the same in the future reconstruction period. We have carried all of the loans called for by our farmers in this time of great effort to provide the food—meat, milk, eggs, poultry, and grain needed to back our fighting men. The great uncertainty as to the future action of various government agencies is the only thing that disturbs our farmers and the bank in backing them.—J. H. GIBSON, *Cashier, The Potwin State Bank, Potwin, Kan.*

Bank Farm Department

Of particular interest in the past has been agricultural loans, and we plan to open a farm department separate from our regular banking quarters as soon as we are able to procure a qualified person to operate it. At the present time, we have contacted nationally known farm machinery companies in view of working out satisfactory plans for financing farm machinery direct from the bank and through dealer contact.—WALTER WIGHTMAN, *Vice-President, The Bank of North Collins, North Collins, N. Y.*

We are in an agricultural section and we feel sure that just as soon as things are released by the Government, we will have plenty of dealings with the farms in connection with mortgages, farm machinery financing and cattle loans. We have much competition from government agencies, namely, the Federal Land banks and the Production Credit corporations and the insurance companies for mortgage loans. I believe it is to the bank's best advantage to meet their rates as far as possible in order to hold the business for the banks.—A. W. MANN, *Cashier, The Fauquier National Bank, Warrenton, Va.*

We have always been especially interested in the farm trade in our area and for the past four years have had a full-time outside man covering this field. We expect considerable business from this source when machinery and equipment again become available in quantity.—W. E. ALEXANDER, *President, The Lancaster County National Bank, Lancaster, Penn.*



"My bank takes care of all my financial needs. It's the quickest, most convenient place to get credit I know of, and it saves me a lot of time!"

We believe you will find it the same way.



Most of our customers are farmers, and the large percentage of our loans are livestock loans; yet we do make real estate loans when we have the opportunity. However, the tendency now is just opposite to what it was in 1918-22. Then everyone was going deeper into debt. Now they are paying off and getting out of debt. Our deposits have more than doubled in the last four years, and our loans are not much more than one-third the amount they were then.—H. E. WARREN, Jr., *Cashier, Pulaski County Bank, Richland, Mo.*

Our bank is a dairy farmers' bank and it is for this reason that we feel that our main plans must be centered on cattle and farm machinery loans. Loans of this type are now and will be made direct to the farmer by personal contacts instead of through dealer financing. In this respect we have the cooperation of our dealers.

Our loan plan is based on complete personal property financing by which we attempt to avoid partial financing under which many farmers have parts of their personal property mortgaged at many different places. Our loans are carried on a monthly instalment plan with payments based on either a straight monthly payment or a payment based on a percentage of dairy income.

Seventy-five per cent of our present loans are agricultural loans and we feel that we can look for a great deal of expansion in this field because practically every farmer is now in a position where he is forced to purchase some machinery and make some much needed repairs to the buildings.—BENJAMIN GAUERKE, *Cashier, The Bank of Ashippun, Ashippun, Wis.*

Farm Machinery Sales

Being in a rural community, we are naturally looking toward the farmers and their future. We expect to have a large demand for farm machinery in our community. We expect to work very closely with the farmer and implement and tractor dealers. We expect to finance practically 100 per cent of the sound farm machinery sales in our community.—C. B. JOHNSON, *President, The First State Bank, Celina, Tex.*

The farmers of our community are in a much more comfortable position than they have been at any time in the past 25 years, due to the fact they have reduced their debt load, have a comfortable cushion of War Bonds and cash with which to make the necessary down payments, and, while we are mindful that they are short of farm machinery and that their buildings need repairing, we believe the loans will be much sounder, because the farmer himself will be much more economically secure. It is our thought, therefore, to completely serve the farmer's needs in every respect possible.—A. J. QUINN, *President, Northwestern State Bank, Cumberland, Wis.*

We are having considerable discussion on farm machinery as the present indications are that cotton farming in the near future will rapidly become more mechanized and we expect to play our part in this financing.—H. WEBB MADISON, *President, Bastrop Bank & Trust Co., Bastrop, La.*

Cordele lies in the heart of the best farming section in the state. Peanuts, pecans, cotton, livestock, watermelons and truck crops constitute our main agricultural output. Considerable interest is being taken in livestock raising, with improvements of herds and modernization of pastures. Crop and livestock loans constitute the larger part of local bank loans. Farms are being rapidly mechanized and this is financed largely through the local banks.—J. B. DOWNS, Vice-President, First State Bank, Cordele, Ga.

We have reduced our rates on farm mortgages to 4 per cent to compete with the Federal Land Bank and are taking all good farm mortgages, where we do not have to go beyond 50 per cent of a fair appraisal of the land, that we can get.—OSCAR ROGERS, *Cashier, Ubbard State Bank, Bad Axe, Mich.*

Modernization for Farm Homes

Most farmers feel that as soon as possible they want a modern home, if they do not have one, plus electricity and many of the appliances that to date are not on the market. The same holds true for the bank as we plan on remodeling when labor and materials are available.

Three factors govern most of our loans; first is character of the applicant, second security or collateral, third profit to the bank. So far our loans have remained at a satisfactory level and we believe the future for the alert banker is very good. We look for instalment loans to increase but our experience has proven them to be good risks. We think that livestock and grain prices will taper down in the future but that farming will still remain profitable for some time.—EDDIE HANSEN, *Cashier, Farmers State Bank, Kanaranzi, Minn.*

It is our purpose to have a field man, as soon as the war activities will permit, who will spend his time among the farmers developing farm trade and goodwill in general. We believe that this contact with the farmers, by a qualified man, as to methods of farming, handling livestock, soil conservation, etc., will be a drawing card for our institution.—J. E. BACH, *President, City Bank and Trust Co., Moberly, Missouri.*

About 90 per cent of our loans are directly or indirectly agricultural and in our case something in excess of 30 per cent of our \$5,000,000 deposit line is loaned to local customers. We believe the greatest demand for new financing will be for the purchase of farm machinery, equipment and farm improvements; next to that, the return of automobile financing to its pre-war or higher peaks. Government loan agency competition has not been an important factor so far.—C. C. MCGRANAHAN, *Manager, The National Bank of Commerce, Ellensburg, Wash.*



We shall continue to make sound business loans, with emphasis on smaller business, accounts receivable, field warehousing, import, export, transit, and any other type of loan which will contribute to the general welfare of our customers and community.

—CARL K. WITHERS, President, *Lincoln National Bank, Newark, N. J.*

Whatever the financial needs of our customers may be, it is our desire to see that they are satisfied, so long as it is consistent with sound banking practice.

We have received considerable evidence from our commercial customers that they are interested in equipment loans, which will in turn result in a need for greater working capital financing. Our experience in the financing of expansion for the war effort has taught us new ways of meeting our customers' requirements, and we believe we shall be able to render greater service to our customers in the post-war period.—J. WILSON STEINMETZ, President, *The Ninth Bank and Trust Company, Philadelphia, Penn.*

The demand for money from business concerns will be dependent largely on what the tax situation might be a year or two hence. The average man with means is hesitant to expand until such time as he feels a larger portion of the earnings may be retained.—F. B. HEATH, President, *Dakota National Bank and Trust Company, Bismarck, N. D.*

We look for some demand from borrowers for the purpose of commodity financing, some for city real estate mortgages, and considerable for reconversion of industries, and replacing of inventories generally, when they are available.—A. C. KINGSTON, President, *The Oshkosh National Bank, Oshkosh, Wis.*

Small Business, Consumer Credit

It seems to us that we are going to find our possibilities of service to our community principally in the small business and the consumer credit field. The figures of the operations and current financial position of the larger companies indicate that they are not likely prospects for bank credit in the immediate post-war period. However, among our customers we find a number of smaller businesses that have had considerable success during the war period, but which have not as yet developed to their maximum potential. It is among these businesses that we feel the largest demand for commercial bank credit will come.—FRANK G. ANGER, Vice-President, *Industrial National Bank, Chicago, Ill.*

We have been calling to the attention of manufacturers our willingness to make loans to aid industry on a

time basis, or an accounts receivable basis. We have indicated a willingness to participate with other banks, and with our correspondent banks in making loans, should the loans be larger than we ourselves can make based upon our own capital and surplus.—SIDNEY D. KLINE, President, *Berks County Trust Company, Reading, Penn.*

New business possibilities are beginning to be opened to us in the FHA field and in business loans which we are taking care of by personal contacts by our bank directors as well as our active officers.—BENJAMIN GAUERKE, Cashier, *The Bank of Ashippun, Ashippun, Wis.*

Seeking New Businesses

We have been working through our Chamber of Commerce to interest several lines of business in this territory. We feel there is sufficient volume to warrant the establishment of new business never tried before.—G. W. SHAFER, Jr., Vice-President, *The First State Bank, Beaver City, Neb.*

We have combed the whole business district offering to make loans for modernization of stores: advised the lumber dealers and contractors that we want both types of FHA loans; are handling a few loans for the coal dealers; and at present are making stock pile loans to

**To help your
business get**

REESTABLISHED

• • • bank credit and
helpful counsel are
available at this bank.

If your business
was a war casualty
and you are starting
up again . . . if you are adding a new activity
to meet new opportunities for profit . . . or if
you are switching from wartime to peacetime
operation, come in and tell us your problem.





the dealers themselves on trust plan and open credit basis.—B. P. ALLEN, *President, The First National Bank, Wabash, Ind.*

We in our district as a bank group have arranged to accommodate new industrial expansion, if they can show a proper financial statement together with the ability to manufacture successfully in their line. We have arranged with other banks for such loans to the extent of \$600,000. We as a community are more than interested in developing new industry in our locality.—W. E. KAHLER, *Cashier, Citizens Bank of Freeland, Freeland, Penn.*

We are interested in seeing that our town is abreast of the time, and, therefore, building, remodeling and repair programs are looked to for sources of making loans not only for the businesses and industries now located here, but to new businesses and industries which desire to locate here.—W. M. MORRISON, *Vice-President, The First National Bank, Prague, Okla.*

We are expecting to emphasize particularly business loans of all kinds, including reconversion financing, together with the development of a small loan department which will include appliance financing and dealer paper, as well as personal loans. This general policy is based on two primary purposes: (1) That it will aid in the development of profitable business; and (2) that an aggressive and sound policy with respect to loans will help to maintain banking as a private enterprise.—W. LOGAN MACCOY, *President, Provident Trust Company, Philadelphia, Penn.*

Aids to Merchants

We are planning to assist businesses to reconvert, and merchants to increase their inventories and the attractiveness and effectiveness of their stores.—THOMAS C. BOUSHALL, *President, The Morris Plan Bank of Virginia, Richmond, Va.*

When the war restrictions have been removed on lending, we do not expect to sit around and wait for inquiries but intend to go and dig the business up. It's like the little boy with the tin can, dog and shovel digging worms to go fishing, who says, "Sitting and wishing won't change your fate. The Lord provides the fishing but you have to dig the bait." What lies ahead for banking depends on the bankers themselves. Too many of us are too hard to see, too slow on giving answers to requests for loans, and too unwilling to take any risks.—H. D. WILSON, *President, The Bank of Phoebus, Phoebus, Va.*

There will be quite a demand for business loans—both for plant expansion and equipment and the financing of inventories which are further depleted than at

any previous time. In the erection of new plants we expect to participate with the RFC or other banks in some instances.—W. M. JONES, *Cashier, First National Bank, Dalton, Ga.*

Loans from business men and merchants will not increase very much at present owing to the fact that they have built up good balances and have the ready cash reserve. In addition, many have purchased bonds which they will cash if needed in their business.—G. G. WELSH, *President, Union Trust Company, Greensburg, Ind.*

We have made a number of calls on our business customers to learn of their post-war expansion plans and to find out the competition we had to meet; also to offer the financial assistance of this bank to help them carry out their plans.—WILLIAM K. DURFEE, *President, The First National Bank of Athol, Athol, Mass.*

We have already felt an increase in the pulse of business attributable to the slight easing in the gasoline situation. We are vitally interested in the success of every business and the encouragement of new business in the district which we serve. We are also vitally interested in the betterment of our municipal facilities and all that tends to make this a better and more attractive town in which to make one's home or spend a summer vacation. On the prosperity and welfare of our people depends the success of our bank.—W. E. C. PERRY, *Cashier, The Buzzards Bay National Bank, Buzzards Bay, Mass.*

Possible Business Sources

Just as soon as the excess profits tax is removed or appreciably modified so that it will be possible to pay back borrowed money and continue the business on a growing basis as it should be done, people will begin to take some risk, new businesses will open up and old ones be expanded, and from these sources we can get some loans also. We are telling our customers about this now so they will know where to come when such conditions permit.—H. LANE YOUNG, *President, The Citizens and Southern National Bank, Atlanta, Ga.*

In industrial loans we are making every effort to serve small businesses, particularly, helping them to get ready for the post-war period. We have been able to extend credit to quite a number of small businesses which show promise for the future.—E. D. REESE, *The Park National Bank, Newark, O.*

We have found a small, but encouraging, increase in the demand for inventory loans from our business accounts. This has occurred notwithstanding the heavy cash balances these firms have maintained.—J. E. GARM, *President, Joplin (Mo.) National Bank & Trust Co.*

We believe that the chief demand for commercial loans from our customers will be of the term loan type and we are trying to acquire the "know how" to give good service in this field.—EDWARD M. GAILLARD, *Union and New Haven Trust Co., New Haven, Conn.*



WE believe that banks should take a keen interest in the returning veterans and not primarily for the sole purpose of making GI loans. We will extend credit to every veteran who can qualify and who needs it for a sound, constructive purpose. Moreover, we will extend it without the guarantee, if possible, keeping that available for some future need. However, many veterans who plan to venture into business will need guidance more than credit, and bankers and business men should be prepared and willing to give them the benefit of their experience and judgment.—W. E. ALEXANDER, *President, The Lancaster County National Bank, Lancaster, Penn.*

We are looking forward to making a great many veterans' loans. We made the first loan of this kind in the country and now have more pending.—D. R. STEVENS, *Cashier, The State Bank of Dixon, Dixon, Mo.*

The first, and most important, service we expect to specialize in is veterans' loans. We have two sound reasons for this: First, we have an opportunity of securing some excellent 4 per cent loans; and second, it is our opinion that we have one of the best public relations opportunities that has been ours for some time. I think we should take full advantage of it.—FRANK N. GANS, *Cashier, Beckley National Bank, Beckley, W. Va.*

It appears to us that if a retired serviceman meets with the government requirements, he also meets with ours. We charge a little higher rate than specified in the Servicemen's Readjustment Act, but think that is likely

offset largely by our requiring no extra fees. So far we find that the men appreciate not having to go through with all the "red tape" required by the Government, and we can make the loan the day he applies for the money, which saves him from having to wait several weeks to get his money. . . . We are expecting to have an especially good demand for money when the boys return and to help them in every way to get what they may want.—C. HATCHETT, *President, The First National Bank, Santo, Tex.*

Of course, we will all have to make the GI loans but we are firm in the belief we can do the bank a favor as well as the soldier by talking the veterans out of investing in lines where we are quite sure they will not succeed.—GEORGE W. BOETTNER, *President, The Bank of Atchison County, Rock Port, Mo.*

New Business Opportunities

We see excellent new business opportunities in the GI loans and a creator of goodwill for all banks if they can be made on a more workable basis. We are most interested in these loans because the returning veterans are our future citizens and need financial assistance and guidance. Once established they become permanent.—H. J. MICKLE, *President, The Bank of Heard County, Franklin, Ga.*

*We have shot the works on veterans' loans and have been told we have made more than most of the banks in the area. We have cut our eye teeth in making errors, and we intended to, for we wanted to get inside of it and get a good look-see. We do find that the average GI coming home thinks he would like to get into business, and as a rule he makes that move too quickly before he gets his feet under him and before he has gotten rid of the proverbial "ants in his pants." Sometimes I think it would be a good idea if there would be a cooling-off period before a veteran could get a loan.—B. P. ALLEN, *President, The First National Bank, Wabash, Ind.**

The thing that we will give most attention to is trying to be helpful to returning veterans. We feel this should be one of our major objectives as well as our responsibility to them. It is our intention to allocate all the time necessary for a study of their problems, with the thought in mind of being helpful for them to get located back into some type of work in which they can be independent and happy. We feel that it is the banks' responsibility to try and protect them in their rights.—W. W. ALEXANDER, *President, Trenton Trust Company, Trenton, Mo.*

ONE OF A SERIES OF MESSAGES TO WAR VETERANS

AT YOUR SERVICE

We wish it were possible for us to visit every veteran in our area personally and extend an invitation to use our bank.

Instead we must make this general offer to be of service through the newspaper. But our interest, and our desire to help, are as sincere as though we were face to face.

No one is better equipped to help you with financial and related personal or business problems than your bank.

We are specialists in this field just as you were in your wartime job. Our experience, ability and access to needed information can be priceless to you, and they are at your disposal without a cent of cost, or one grain of obligation.

We can help with concrete services as well as with counsel. All of our banking facilities are likewise available to you and we earnestly hope that you will make use of them.





We feel there will be a great many loans to veterans just as soon as the law can be amended to allow banks to make such loans without so much red tape. We expect to go into every type of loan actively excepting commercial and business loans made by commercial banks.—**WILLIAM W. SLOCUM, President, The United Savings Bank of Detroit, Detroit, Mich.**

Due to unnecessary red tape and delay, we do not expect any great volume of veterans' loans but will make all of them we possibly can. If the veteran should be in a position where he cannot wait on a guaranteed loan we are in a position and are already set up to make them the loans without the guarantee on a 5 per cent interest rate.—**L. O. NICHOLS, Cashier, Maries County Bank, Vienna, Mo.**

Owing to the red tape connected with the Government, we make these loans ourselves, disregarding the Government. It is our intention to make these loans whenever necessary, and in our opinion worthwhile. At this time we have made two such loans.—**GEORGE F. CHRISTENSEN, President, Bank of Stevenson, Stevenson, Wash.**

We expect to make all GI loans that we think will be beneficial to the ex-soldier but we do not think these loans should be made just because the guarantee makes the loan safe for the bank. If we do not think the loan will help the fellow along, we will not make it even though it may be a safe loan as far as the bank is concerned because of the 50 per cent guarantee.—**W. W. JACKSON, Cashier, St. James Bank, St. James, Mo.**

Every Consideration

From several angles, by necessity and good business, the veterans' loans in this territory will be given every consideration possible by this bank. We have already had several applicants, but unfortunately I have found that very few veterans understand the GI loan bill, its advantages and disadvantages.—**H. H. MELTON, Cashier, The First State Bank of Mounds, Mounds, Ill.**

We anticipate more inquiry from GI's in the months ahead. Being personally acquainted with all our GI's it is our intent to handle as many of these cases in a personal manner as we can, making the minimum demand upon the Veterans Bureau.—**W. L. BEST, President, The Byers State Bank, Byers, Colo.**

We are making every effort to take care of returning soldiers who make application for loans. We give them all the necessary time and all available information. We have completed some of them and some have not been approved by the Federal Administrator. We anticipate

increased activity as more soldiers are released from the service.—**J. E. GARM, President, Joplin National Bank & Trust Company, Joplin, Mo.**

Our approach to the matter will be a personal one. We shall encourage the veterans to bring their problems to us for a friendly, confidential talk. Many of the returning veterans are personally known to us and we fully expect to gain the confidence of those who are not. Some will have the problem of housing, others that of more schooling or setting up in some small business enterprise. They will all have our sympathetic counsel and advice. We believe that most of them can be handled through our usual banking services but in such cases as cannot, we shall assist them through the proper Government set-up. I believe this policy will be followed by most of the commercial banks. They will take care of the veterans' needs, but much that they will do will never appear in statistics.—**W. E. C. PERRY, Cashier, The Buzzards Bay National Bank, Buzzards Bay, Mass.**

A Broad Field

We are of the opinion that a broad field has presented itself in GI loans, and it is our policy to make as many as we can consistent with sound banking practices. Our plans, at present, provide for a department which will be under the supervision, if possible, of a World War II veteran. We feel that returning veterans will be more inclined to talk freely to one of their own, and in the event their loan application does not meet the requirements, they will not be bitter if the application is declined by an officer who has come through the war.—SAM M. RICHARDS, Executive Vice-President, Lake Charles Bank & Trust Company, Lake Charles, La.

We expect to stand ready to finance our war veterans in home building, in a new business or with a farm. We are all set to take all types of this kind of business and in other lines that a soundly managed bank may safely do.—**T. C. PARSONS, Cashier, Bank of Ripley, W. Va.**

We believe there will eventually be a large volume of this type business; the compulsory 4 per cent rate on these loans does not seem to appeal to some of our inland banks, but in our case the rate is satisfactory and we propose to develop this business on a very large scale.—**DEWITT T. RAY, President, The Liberty State Bank, Dallas, Tex.**

We are going to try and take care of our servicemen without using the GI loan plan too much. The amount of red tape and other requirements in connection with this loan is hampering the closing of loans to the servicemen.—**L. E. CHRISTENSEN, President, The Farmers National Bank, Aurelia, Ia.**

There will be quite a demand for home financing for construction and purchase of homes; both FHA and GI loans will be in active demand.—**W. M. JONES, Cashier, First National Bank, Dalton, Ga.**

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WE ARE planning to emphasize in the immediate and post-war future two classes of service. The first is designed for use by masses of individuals and consists of all kinds of small loans and the financing of purchases by consumers of household durable goods, pay-as-you-go checking accounts, register checks; savings accounts, and small safe deposit boxes renting at \$5 plus tax per year. The second category of services applies to the small and medium-sized business man. These services consist of all kinds of loans, both of the usual bank variety and term financing, ordinary check accounts, and trust services for both business and individuals.—ALAN R. MORSE, *President, United States Trust Company, Boston, Mass.*

We expect to do some trust advertising and some advertising for miscellaneous services, such as travelers checks, savings and checking accounts. If we should establish a special checking account arrangement we would probably add 15 per cent to our budget to use for this specific purpose.—W. E. BROCKMAN, *Vice-President, Midland National Bank and Trust Company, Minneapolis, Minn.*

We offer checking account service, subject to a count analysis, and we expect to make no changes. Savings accounts will remain in force with the 1 per cent interest rate likely to continue. One-year time certificates of deposit at 1½ per cent interest will be continued except for unforeseen conditions which may arise.—J. PARK SMITH, *Cashier, The National Bank of Topton, Topton, Penn.*

We have offered and will continue to offer simplified checking accounts, and while we cannot be classified as a strictly industrial community, they have proven very popular.—H. K. HOBЛИT, *President, The Southern Missouri Trust Company, Springfield, Mo.*

About five years ago we installed a special checking account arrangement requiring no minimum balance, and as a result of consistent publicity, we have found that type of service quite widely accepted by the public under wartime conditions. We are handling a substantial volume of these accounts at the present time and expect to continue the expansion of that activity in the post-war period.—H. SCHEUNEMAN, *Cashier, Chicago City Bank and Trust Company, Chicago, Ill.*

We continue to advertise checking accounts and have at the present time approximately one-half as many special checking accounts as we have regular checking accounts. We have had employee campaigns on this

which have been considerably more productive by total dollars expended than advertising.—JOHN KINNEMAN, JR., *Vice-President, Peoples-Pittsburgh Trust Company, Pittsburgh, Penn.*

The use of our banking-by-mail service, money orders and checking accounts shows a gradual increase.—C. S. BECKER, *Cashier, The Second National Bank, Coopers-town, N. Y.*

The two fields which we should like to develop are special checking accounts and consumer credit loans.—WILLIAM B. BROSİUS, *Cashier, National Bank of Chester County and Trust Co., West Chester, Penn.*

Since the war began we have had a very substantial increase in the number of checking accounts and in the number of safe deposit boxes rented. We hope to retain a good deal of this business.—H. R. STONE, *President, The First National Bank of Belfast, Belfast, Me.*

We will want to push for every loaning opportunity in the community and are hoping to get some of the instalment loans that have previously been made by finance companies.—A. A. SEARLE, *President, The Geneva Savings and Trust Company, Geneva, O.*

*Everyone
knows
the way*

Do you work in a store, a shop or an office? Do you sell for a living, operate a business or run a farm? Whatever your work, you'll find that a lot of people like yourself are customers of ours. Helping them to meet their financial problems has given us the experience to handle similar problems for you. And we're always glad to be helpful. Our bank is a popular place. Why not drop in to see us often?

The Outlook for

MR. DICKHUTH is a financial writer for the New York Herald Tribune.

A SURVEY by BANKING, reported in detail elsewhere in this issue, has proved conclusively that the thousands of bankers who have taken the trouble to reply are full of ideas and plans for new post-war banking services. Not the slightest tendency can be detected among executives anywhere that they will be content to rely on the coupon income from their government security holdings as chief source of revenue.

Independent investigations and queries in many quarters seem to bear out the story of BANKING's survey and pessimism on the future or nature of bank earnings appears to be unwarranted.

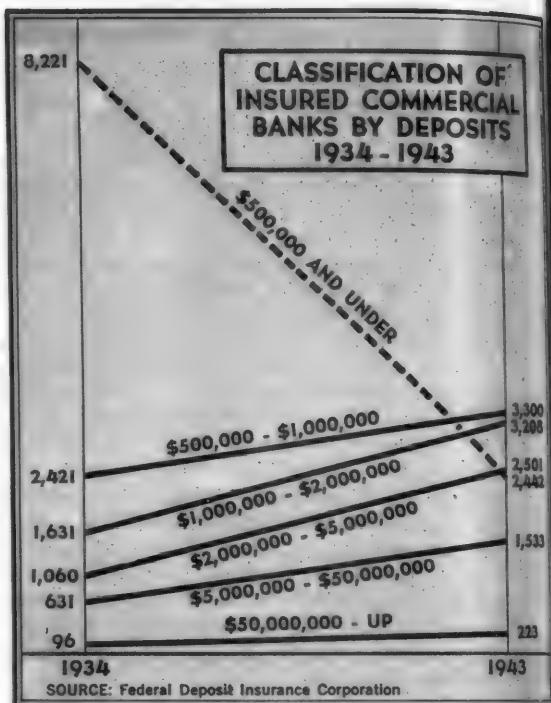
In the first place, to assume that a certain economic cycle, which happens to have been in existence for several years, is here to stay, is a sure fallacy. All those who predicted "a new economic era of indefinite duration" in 1928 or 1929 have proved to be wrong. Others who forecast that new concepts of the New Deal economic philosophy would produce an indeterminable stable society were as wrong as the many professional prophets of earlier eras.

Perhaps it is very basic to recognize in any discussion of this kind that the study of economics cannot be treated as an exact science or a mathematical equation. While slide rules are helpful in determining the ratios and records of the past and present, they are apt to be elusive tools in the hands of the prognosticator. If this were not so, all the laborious and painstaking work of financial statisticians, analysts and economists would have provided a more certain basis for investment, for preservation of capital or for gain and for the amassing of fortunes. There is not a mathematical method or formula which has not been tried by private and government research staffs—yet none of them could furnish the precise answer to the economic future.

By contrast, the physicist, the chemist and the engineer can rely on known mathematical facts. If their calculations are correct, the carrying capacity of a bridge, the explosive dynamic of certain matter and the reaction of one chemical to another can be predicted long before actual experiments begin.

The reason for the inability to prognosticate business and economic trends despite all the statistical wealth which has been accumulated may be that the sum total of economic activity comprises such elements as popular fads, fears, notions and hopes, social trends and the whole gamut of trends and caprices human nature is capable of producing by reason and emotion.

The "century of the common man," particularly, which has been officially ushered in by popular mandate or otherwise in a goodly portion of the "civilized" world, is so loaded with social implications of security for the masses, social insurance schemes, guaranteed wages and other complications that forecasts of an



economic nature would appear infinitely more difficult than they were in the past.

What, then, is the outlook for bank earnings in the light of such conditions? Solely on the basis of the enterprise evidenced by the banking profession, the prospects are good.

It is necessary to bear in mind, however, that the problems of bank earnings vary with the size, location and business an institution is doing. The operations and prospects of a bank with \$5 billion resources can hardly be compared with one having assets of \$5 million. That is another reason why average assets of all banks, average earnings, average income from governments, average income from loans may turn out to be misleading yardsticks.

BANKS in rural districts certainly have vastly different problems than financial institutions in busy industrial centers. In agricultural territories, the proportion of time and compound interest deposits to total customers' balances is much larger than in the cities. This means that the deposit structure is more stable and the management does not have to be concerned with huge short term investment cushions against the fickle velocity of demand funds. The small bank, as a rule is able to get a better rate for its loans than the large institution in a reserve city.

In fact, the difference between the two extremes in the banking profession is much like the divergence of busi-

Bank Earnings

H. EUGENE DICKHUTH

ness between the retail and the wholesale merchant. Yet, both have one problem in common—merchandising. The attitude of management on this point will ultimately be the determining factor in future revenue. Inquiries in many places have convinced this writer that executives are becoming increasingly aware of the necessity of merchandising money and of letting people know what they are doing and how they are doing it.

What will have to be done will depend on individual local conditions. Some war centers will undoubtedly lose permanently a good deal of their deposits, other areas will gain. This will lead to a change in reserve requirements, it will alter capital ratios either for the worse or for the better.

More demand for commercial loans will mean a shift of assets and continued rises in the market for government bonds will certainly mean lower yields. The total investment yield of all banks in 1944 was about 1.49 per cent and the experts envisage a general drop for 1945 as a whole to perhaps 1.10 per cent. The future of money rates likewise will be an important factor.

FOR many years a downward tendency has persisted. Billions of corporate obligations and millions of V and VT loans have recently been refinanced on a lower basis than previous commitments. Despite these low rates, though, risk-taking for short, medium or long terms still commands appreciably higher interest.

The most encouraging aspect in the outlook for bank earnings is the stated determination of commercial bankers throughout the country to push services to the public to the very limit of their ability.

One part of the public, small business, is expected to be taken care of, creditwise, in the cooperatively run regional credit pools. The number of banks interested in consumer financing after the war has more than doubled from the pre-war level. There is the "agent-bank" plan to finance automobile instalment purchases widely promoted by insurance and banking circles. Interest in personal loans is growing likewise.

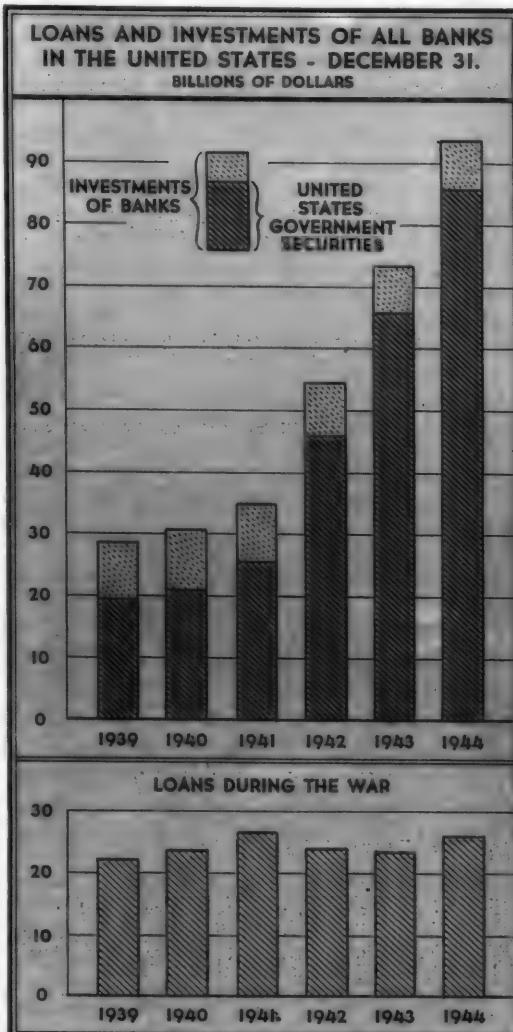
Accounts receivable financing and other functions heretofore in the exclusive domain of finance companies are now being tackled by banks. Medium term loans to business and agriculture will be another channel of bank investment. New travel departments are planned to satisfy the itinerant hunger of thousands of boys who have become acquainted with places and people overseas.

Air communications and the new international role of the United States, moreover, has led to a consciousness for the necessity for foreign trade, and air shipments from inland points direct might make many banks in the hinterland conversant with techniques which were heretofore the exclusive province of the large international institutions in the big cities of the Atlantic and Pacific coasts.

The spirit of direct service to the public received particular impetus by the new role banking has assumed

as counselor to the returning GI Joe. Information centers in many towns, primarily staffed and run by bankers together with other public spirited citizens, have given many bankers a fresh approach to public service.

Stripped of technicalities and statistics, the service-to-the-public spirit is likely to show the banking industry as a whole a sure way to satisfactory earnings in a very complex and unpredictable world. The American public always has been willing and able to pay for reasonable and efficient service. If people also know that it is based on "enlightened selfishness" and is in the interest of the country as a whole, it might prove to be a gold mine, offsetting lower income from government portfolios, higher taxes, greater social security burdens and larger salaries and other expenses.



Factors Affecting Bank Dividends

JAMES W. WOOSTER, JR.

MR. WOOSTER, former investment officer of a New England savings bank, is currently engaged in trust and estate administration work in New York City.

DURING the past 15 years when bank stockholders have heard from bank management, the chances are that it's been bad news, not good. During the early 1930's the approval of most stockholders was asked for the placing of a prior claim against the bank's assets in the form of preferred stock or debentures. After the low point in the depression was reached there remained much wreckage to be cleared away. Stockholders were told of the need for reductions in surplus or reserves to absorb losses already taken or to revalue existing assets on a more realistic basis. Stockholders dividends were cut, and sometimes cut again or eliminated.

In more recent years stockholders have been asked to increase their investment in their bank's stock, in order to replace capital lost during the depression years or to provide a more adequate base for expanded deposits and anticipated post-war lending. Stockholders have been told that earnings recovery from the depression lows has been retarded by increased costs of doing business, such as Federal Deposit Insurance Corporation assessments for the benefit of depositors, and employee benefit and pension plans for the benefit of the bank's staff, and by a greatly increased tax burden, for the benefit of Uncle Sam. Even the bank's borrowers have benefited, through reductions in interest rates.

It is small wonder, then, if bank stockholders feel that the bank is being run for the benefit of everyone but themselves; that the only time when they hear from the management is when they are asked to forego something or contribute something, and that they are the real "forgotten men."

PROGRESSIVE bank management has regretted the necessity for continuing and increasing sacrifices on the part of stockholders. Management has explained that these sacrifices have not been due to perversity or sheer "cussedness" on their part, but rather have been a reflection of basic, underlying conditions over which individual bank managements have had but little control. However, many bank managements have stated, or at least implied, that as soon as conditions warranted, the rights of stockholders to a reasonable participation in their bank's earnings would be given proper recognition.

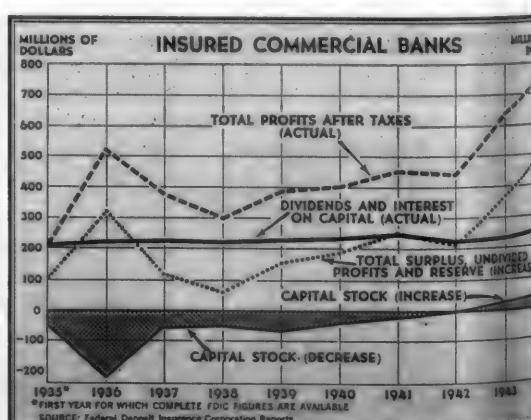
The time is now close at hand, if it has not already arrived, when the position of bank stockholders should be reviewed and reappraised. In most banks the last vestiges of the débris left by the depression of the 1930's have been cleared away, adequate reserves established against the ultimate liquidation of undesirable assets. Internal accounting procedure and bond premium

amortization methods have been brought into line so that reported earnings are realistically and conservatively stated. No unrealized depreciation exists in the bond portfolio, the loan account is clean, questionable bonds have been disposed of, contingency and special reserves have been replenished, and net operating earnings have been, and are continuing, to increase.

These favorable background factors have set the stage for a reconsideration of the position of stockholders, and of the extent and manner of their participation in these improved operating results. The simplest course, and that of least resistance, is to moderately increase the annual rate of dividends. In some instances such action is proper, and fully justified. In many cases, however, the rights of stockholders can and should be recognized in other ways, which are equally fair, but which over a period of time, should prove better suited to developing conditions, and so more truly in the interests of the bank, of its stockholders, and of the community in general.

WHAT ways are there, other than an increase in the annual rate of dividends, whereby stockholders' rights may be given recognition as a reflection of an improvement in the quantity or quality of assets, or an increase in the quantity or quality of earnings? Let us consider a few:

(1) Hidden reserves may be revealed and formally added to the bank's capital structure, thereby increasing the stated book value of the stockholder's investment. In the past, hidden reserves may have been set up, or allowed to develop, as a protection against risks whose eventuation was feared. These reserves may have been handled as a deduction from the total ledger value of loans, or of investments, or may have taken the form of conscious and deliberate under-valuation for statement purposes of specific asset items. The creation or



development of a moderate amount of hidden reserves of this nature seems justified from a conservative banking standpoint. Such reserves give management a greater flexibility in the handling of specific loss situations which may develop, or which threaten to develop. However, in some instances hidden reserves may have grown to a size which cannot be justified by normal risk standards, and in the light of the character of assets now held. In such cases, the release of all or a portion of these hidden reserves, and their inclusion in the public statement of the bank will provide a pleasant contrast to the reverse procedure to which some stockholders had become accustomed, and would suggest that the tide had, at last, turned.

(2) During recent years when most banks have had net asset recoveries, and have had operating earnings substantially in excess of cash dividend disbursements, these accretions to stockholders' equity have often been added to undivided profits or to reserve accounts. A portion of these capital funds could now be transferred from undivided profits or reserves to surplus. Such a transfer would be a token from management to stockholders that their equity in the bank had shown definite and permanent growth. It would also increase the maximum loan limit of the bank to any single borrower, and would increase the bank's prestige in the community.

(3) A portion of surplus could be transferred to capital, thereby permitting payment of a stock dividend. If the annual cash dividend rate were left undisturbed, the indirect effect would be that of a moderate cash dividend increase to old stockholders. Such a transfer would have all of the advantages, from a stockholder and community standpoint, of the alternative discussed above under two, plus a larger stockholder participation in the bank's current operating earnings.

(4) Payment of an "extra" cash dividend. Such a payment would not formally increase the annual rate of cash dividends, and would give the bank management greater flexibility in considering future dividend payments than if the stated annual rate were to be increased. This "extra" would, moreover, give immediate and tangible recognition to stockholders' rights to a reasonable participation in current operating earnings.

IN reviewing and reconsidering dividend policies it seems necessary to give weight to a number of interrelated factors. Certain of the more important of these are listed and briefly commented on below:

(1) What is the true condition of the bank's assets? If questionable bonds are still held at high book values, if the loan account is not completely clean, or if special asset groups such as bank building, or real estate, are carried at unconservatively large figures, then any modification of dividend rates should be deferred until these matters, which should have a prior claim against recoveries and earnings, have been satisfactorily dealt with.

(2) Are reported operating earnings a true reflection of the bank's earning power under current operating conditions? If reported operating earnings have been artificially stimulated: (a) By an inadequate charge for amortization of bond premiums; (b) by writing off

Questions to Ask About Your Dividend Policy

- (1) *What is the true condition of the bank's assets?*
- (2) *Are reported operating earnings a true reflection of the bank's earning power under current operating conditions?*
- (3) *Are savings depositors receiving the highest rate of interest to which their savings are entitled under present money market conditions?*
- (4) *Is the bank's capital structure large enough to afford adequate protection for current requirements and reasonable assurance of adequacy for future anticipated needs?*
- (5) *What proportion of current operating earnings is already being paid out in dividends?*
- (6) *Are there capital items, such as preferred stock or debentures, still outstanding ahead of the common?*
- (7) *How permanent is the present level of operating earnings likely to be?*

against capital items the premiums on bonds purchased, while taking the full coupon into earnings; (c) by the failure to establish out of earnings adequate reserves against high yielding loans or securities; (d) by inclusion of total income from high yielding securities purchased at low prices, but now about to mature; or, (e) by inadequate provision for taxes due to the fortuitous presence of unused tax losses, then reported earnings should be re-cast on a conservative and realistic basis. These revised earnings should then be used as the basis of discussion as to any possible change in the annual rate of cash dividends.

(3) Are savings depositors receiving the highest rate of interest to which their savings are entitled under present money market conditions? From a public relations standpoint, this question is one of increasing importance. Circumstances differ between various communities, and a discussion of the problem of establishing an equitable basis for rewarding the thrift of savings depositors is beyond the scope of this article. However, any determination of the proportion of the bank's income which is available for distribution in dividends to stockholders should give full weight to the prior right of savings depositors to a fair return on their savings.

(4) Is the bank's capital structure large enough to afford adequate protection for current requirements and reasonable assurance of adequacy for future anticipated needs? If not, then any increase in dividends should await a further plowing back of income until capital funds have reached a more satisfactory level.

(5) What proportion of current operating earnings is already being paid out in dividends? Although no arbitrary limits can be set up which will automatically apply to all situations, if a bank is already paying out two thirds or more of its earnings in cash dividends, this should constitute a strong suggestion that common

(CONTINUED ON PAGE 159)

Better Methods Make Better Banks

ONE price of living in a dynamic civilization is the effort required to adapt to changing circumstances. The banking community is well aware of this. To survive as profitable institutions, banks must adjust to new realities. The days are gone when bankers could surround themselves with an aura of austerity and sit in chaste and severe banking houses to wait for borrowers to come to them. Interest rates are low. The unprecedented size of the Federal debt argues that the Treasury will maintain an easy money policy during the foreseeable future.

Thoughtful bankers are well aware that banks can no longer maintain satisfactory earning power if they act solely as wholesalers of money. The time has passed when sufficient profitable business can be obtained solely from a comparatively small number of large commercial loans to manufacturers, wholesalers, and large retailers. Banks can no longer be *in* but not of their communities.

Banking right now is going through a transition from a class to a mass market activity. This is a challenge and an opportunity which is being met by different banks in various ways. The transformation is neither easy nor simple. There is a world of difference between the merchandising of a diesel motor, for example, and that of a box of face powder. Banking service has in the past been merchandised chiefly to small and carefully selected groups. Now new methods must be used in merchandising banking service to the masses who in the aggregate can be a very profitable market.

INTELLIGENTLY planned advertising, aggressive sales promotion, and astute public relations programs can change the attitude of the mass market toward banks. These changes are never instantaneous. No disappointment should be felt because results are not as rapid or dramatic as one might hope. Time must be allowed, for the process is one of attrition of old attitudes and the formation of new ones. Competent market research will reveal strengths and weaknesses in such programs and suggest modifications long before they become apparent from the comments and behavior of the new customers they are intended to attract.

A skillful selling job, however, is not the sole need. To capitalize the opportunity created for banks by the termination of the war, and to offset the effects of low interest rates, banks must modify their methods to conform to the psychology and habits of the new customers they attract. At the same time, they must reduce costs in connection with traditional banking operations and develop efficient and low cost methods of handling a large number of small transactions. Mass banking is retail business, and so it must have effective retail routines.

Bankers know better than any other group in the business community the vital importance of controlling direct costs. Reduction of a direct cost is an immediate, direct, and continuing addition to profit on every subsequent

transaction. When interest rates are low, margins are narrow, and so such reductions often represent the difference between an adequate profit and one that is wholly inadequate. While it is true that many banks have sought to reduce costs, few have explored all the possibilities energetically and thoroughly.

MANY valuable lessons have been learned along these lines during the war. They can be applied to banking. When they are applied, they will materially increase profits both percentagewise and in dollars. Many banks will find it very profitable to make a program of cost reduction through the development of better methods one of the responsibilities of an officer. Even quite small banks will profit handsomely by employing a systems expert or a firm of management engineers to scrutinize methods and develop routines that will permit the handling of large volumes of small transactions at minimum costs. Few, if any, departments will fail to benefit from such programs. The big advantage, of course, will be "getting off on the right foot" in the development of the mass banking business—consumer credit, personal loans, bond redemption, savings, and no-minimum-balance checking account departments. In these, two factors are equally important. One is the performance of the service at the lowest practicable cost. The other is creation of that active customer goodwill that translates itself into word of mouth advertising. No asset is more valuable than a large group of customers who say to their friends, "Why don't you go to my bank? They are grand people to do business with, and very friendly and accommodating. I know they will be glad to help you."

BANKS all over the country have taken steps to make themselves new customers and friends by careful choice of well thought out methods. For example, a bank in Massachusetts has solved the thorny problem of bond redemptions in a way that protects itself from the possibility of loss through failure to obtain proper identification of redeemers and at the same time speeds service to customers and reduces handling costs. Since redemptions of Series E bonds will continue for at least 10 years, and since they are held by a large proportion of the population, this bank's accomplishment is extremely important both from a cost and a public relations point of view. The method is neither difficult nor costly and the routine is so fast and smooth that customers are unaware of it. It depends upon having the needed verifying information immediately available in a form that gives positive identification. This method has been adopted by a number of other banks which have learned of it.

A bank in the South has multiplied the earnings of its safe deposit department several-fold and simultaneously improved its service to customers not only in ease of access to their boxes but also in positiveness of control of entry and protection of customers' rights.

How to Achieve Better Bank Services to More People at Less Cost

Part of the saving has come from a reduction of staff required in the department in spite of a very substantial increase in number of boxes rented and number of visits handled. Even though at some future time the number of boxes leased and the rental income decline from present peak levels, operating costs have been reduced enough that the earnings will remain at permanently higher levels. The superior service rendered is in itself a strong reason for customer preference for this bank's safe deposit department over others in the community. Such things become sales points that can be merchandised.

A Missouri bank found its volume of personal loan business had outgrown its accounting system. A new loan accounting method was installed which has improved window service to customers, collection follow-up, and loan control and has reduced operating costs by saving clerical work.

A Maryland bank found that the growth of its business had created a condition in which departmental files were no longer adequate. Bank officers were inconvenienced since they could not locate correspondence quickly. Time was being wasted and customer service was below the level of quality acceptable to the officers. Departmental filing was ended and a centralized filing system installed. The result is better service to customers and bank officers, greater filing accuracy, improved accessibility of wanted material, and a saving in cost.

An Iowa bank modernized its ledger control in its budget department. It thereby saved two clerks directly and reduced the time devoted to collection control. A Georgia bank mechanized its mortgage accounting procedures, with a direct saving of clerical labor and a gain in speed and accuracy of compilation of several important mortgage records.

An Indiana bank decided to modernize its transit department. One camera for making photomicrographs was installed to replace two of the machines formerly used for this work. One clerk is saved and errors are prevented. The compactness of film reduces storage space.

Page after page could be filled with such recitations of cases in which banks have modernized a method or installed a new system of handling work in one department or another and saved money and improved customer service. Nothing, however, can be gained by laboring the point that costs can be reduced and the reduction carried to profit by the choice of the best method available.

The important thing is to re-examine critically the methods in use in every department of one's own bank. Time and custom make existing methods familiar and comfortable. Good, indifferent, or bad—habitual methods usually stand unchallenged. Even good methods can sometimes be improved, and indifferent or poor ones always can be bettered. Hence, it is good practice to

"audit" methods periodically to see where costs can be reduced, profits increased, and service to bank customers improved.

It is important to bear in mind that while there are many "best" methods, there is no one "best method." Each bank has its own peculiar circumstances to consider. A method that may be ideal in the bank on one corner may be utterly impractical for its neighbor across the street. There is, however, a general approach that is applicable to almost all situations. That is to ask first, "Why is this thing done at all?" and then to ask, "Why is this necessary thing done this way?" Unless it can be demonstrated that the function is necessary and the method free from duplicated or unnecessary steps and is simple and direct, alternative methods should be investigated. Even if the method is simple and the function necessary, the possibility of simplification or cost reduction through combining it with a related task is worth consideration. Some mechanical methods that at first blush appear very costly prove to be most economical because of the many things that can be obtained as by-products.

The Army Service Forces and some of the Navy bureaus have made remarkable advances in cost reduction and time saving through record simplification and control. Some of them are along lines which will have banking applications. These advances are becoming more and more widely known. As the officers who worked them out return to civil life, they can be expected to apply this new body of knowledge to civilian uses.

Almost every improvement in methods operates to reduce direct costs, to save time, and to increase good will through improved customer service. That is why better methods make better—and more profitable—banks.

A pre-war educational display arranged by BANKING at a meeting of the American Bankers Association and showing equipment and systems then available to banks, which again will be obtainable in the post-war period. In the interim, in many cases, advanced improvements have been made to meet wartime needs of industry and government



Trained Minds

WILLIAM A. IRWIN

DR. IRWIN is economist of the American Bankers Association, national educational director of the American Institute of Banking, and assistant director of The Graduate School of Banking.

IF THERE is one lesson that stands out above all others from the experiences of World War II it is this: that there is no substitute for trained men and trained minds.

For even as we have read and listened to the ghastly reports about the destruction caused by the first atomic bomb we have been told that the Nazis came perilously close to winning the race in the creation of that bomb. There was a good reason for their near-success: the German nation has for many years been a leader in scientific experimentation. And, leaving out of consideration the follies of their race theories and their shortsighted expulsion of non-Aryan scholars, they sought by every means to develop leaders in science among their own people.

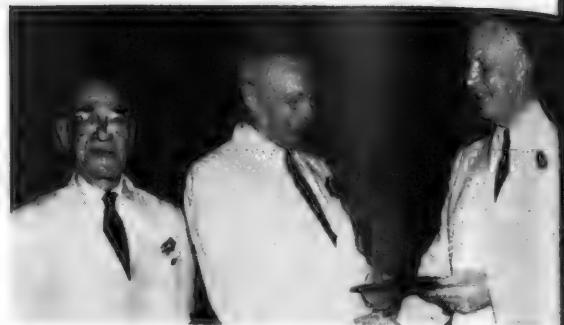
They followed the same policy in political science, in economics, in banking, in geopolitics, and elsewhere. Hjalmar Schacht and his satellites, for example, showed the world what could be done in the area of foreign exchange and, as matters turned out, brought on the war.

We in the United States were not too far behind even at the outbreak of the war. Some of our leaders, if not all of them, had realized the need for research. Others had seen to it that the techniques for training men in the arts of war were not neglected. As the conflict progressed, activity both in research and in training was speeded up. History therefore will testify that free men are not to be beaten in war even when challenged by minds harnessed to the wheels of a totalitarian juggernaut.

But the challenge has been only partially answered. The post-war era is already almost upon us, and the race will be to the swift—not to the laggards. A new world is in the making, one in which there can be no letdown, no resting on laurels achieved, no respite from the crowding necessity for research, for experimentation, for the development of new techniques in the fields of personnel training, production, distribution, finance, taxation, education, banking, perhaps even of war. We shall have to be on our guard, alert to the needs of a changing if not a revolutionary world.

And in this new era that is dawning nothing can possibly take the place of trained men and trained minds. Competition is going to be keen. Bankers know that now. The winning of world markets for American products is going to call not only for good products at reachable prices but also for a knowledge of those markets, for adequate and intelligent financing of the move-

(CONTINUED ON PAGE 157)



Dr. Harold Stonier, right, executive manager of the American Bankers Association and director of The Graduate School of Banking, presenting the Richard W. Hill award to Hermann G. Diekelmann, cashier, Horicon (Wisc.) State Bank, during the 1945 G. S. B. commencement at Rutgers University. Mr. Hill, left, in whose honor this award is to be made each year, starting with 1945, to the oldest member of the G. S. B.'s graduating class, was formerly secretary of the A.I.B., and more recently of the A.B.A., and was the G. S. B.'s first registrar

A.I.B. Outlook

SEVENTY thousand members of the American Institute of Banking is the 1945-46 goal, according to National President David T. Scott. "This goal would not appear overly ambitious," Mr. Scott said, "in view of the enthusiasm and optimism expressed by the chapter leaders attending 15 regional chapter officers' conferences in various sections recently and the keen interest being shown in our new 'Consumer Credit Course,' available this Fall.

"With the discharge of considerable numbers of former service personnel and the diminishing bank personnel turnover, I foresee a trend back to the regular Institute courses and away from the 'quickie' courses which the banks found invaluable during the stringent manpower shortage in banks.

"A short orientation and refresher course for returning veterans contemplates a series of seminar meetings sponsored by local chapters on banking and related subjects to bring servicemen up to date on banking developments and the introduction of our new textbook, 'A Career in Banking.'

"This text, prepared especially for returning servicemen, reads like fiction and, while tracing the story of a young man who enters a village bank at 19 and rises to the presidency of a billion dollar city bank at 44, briefly summarizes the fundamentals of commercial law, negotiable instruments, bank operations, credits, and other essential procedures. It will serve as an inspiration and guide book to the returning veteran."

Helping the Veteran Reconvert

MILLARD C. FAUGHT

DR. FAUGHT, an economist and writer associated with the Committee on Economic Development, writes frequently for BANKING.

A NEGRO veteran came into the office of a Servicemen's Advisory Center in a southern town.

"Ah have come," he announced, "to git mah four thousan' dollahs. And soon as Ah do Ah got mah futuah all figgered out. Ah'm gonna buy me a couple cabs an' git me a couple boys to run 'em an' Ah'm gonna sit on mah poach an' be a beezness man."

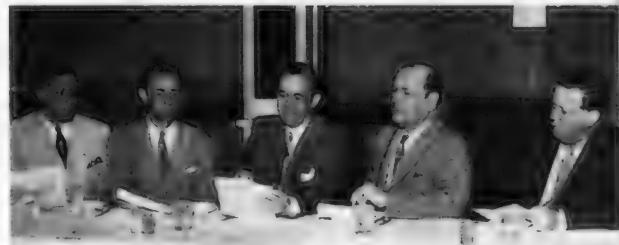
After listening to about 15 minutes of explanation about the Servicemen's Readjustment Act by the advisory committee, the veteran leaned forward in his chair, pounded the table, and shouted, "Do you-all mean to sit there and tell me Ah was wounded at Anzio for a *loan*!"

The above is *not* a funny story. It is not funny because a very great number of veterans, members of their families, business men, and bankers are almost as confused or disturbed each in his own way, as was the colored veteran, about the loan provisions of the veterans' act.

Obviously, no banker has any illusions about these veterans' loans being gifts, but short of this there is still plenty of room for both illusion and disillusion. The servicemen's act and the myriad of other financial facts and fictions surrounding the hopes of a million or more servicemen to "go into business for themselves," present American bankers with one of the biggest combined opportunity-responsibilities in their history. If anything, the emphasis is more on the responsibility than the opportunity, but both are vastly important.

THE immediate responsibility of the banker is obviously to meet every potential serviceman borrower sufficiently more than the half-way point of helping him unwind the red tape of the present act. This can be a heavy assignment in itself as attested by a Minnesota small town banker who had to answer a new question daily for an impatient ex-soldier for 54 consecutive business days! It is a moot question whether the bankers or the veterans have been the worst victims of the first "trial, travail and error" period of the act's operation. But, thanks in large part to the leadership of practical bankers in suggesting improvements in the act and in its local application, there are sound hopes for better results in the early future.

However, before examining the hoped-for better days ahead, there is another responsibility involved here—and a far-reaching one—which every banker (and indeed every community veteran's advisory committee) would do well to ponder. The average veteran is under 30 years of age. This means that all of his adult life has been spent during 10 years of depression and five years



The North Carolina Bankers Association has completed a successful series of 10 veterans' loan panels throughout the state, with approximately 600 bankers participating. In the panel above, *l. to r.*, Fred W. Greene, executive secretary, North Carolina Bankers Association, Raleigh; Louis D. Brooks, assistant vice-president, Union National Bank, Charlotte, and chairman, NCBA's Service to War Veterans Committee; W. H. Neal, vice-president, Wachovia Bank & Trust Company, Winston-Salem, and member, American Bankers Association's Committee on Service for War Veterans; Judge Clyde L. Garrett, specialist, Veterans Administration, Washington; and Gordon C. Hunter, executive vice-president, The Peoples Bank, Roxboro, and president, North Carolina Bankers Association

of war. Whatever actual business experience he may have had, and certainly all of his sense of values about what is good or bad about our so-called system of free enterprise, has been gained during that period.

He is now coming home from war to try his own hand at the game of earning a living or starting a small business, according to the Horatio Alger traditions which we all willingly foster.

If he fails in this first venture, he may very reasonably go sour on our whole system, and certainly on those individuals or groups who, in his opinion, may have contributed to his failure. Any bank which may have to foreclose on a veteran's business loan should be able to see where it will stand in this picture.

But little progress ever comes of a negative approach. The positive side of this picture is that the banker is probably in a better position than any other single individual to help the veteran potential enterpriser *succeed*; and if collectively, the nation's bankers can help a million new small business men get started soundly after the war, they will indeed have met a great responsibility and re-established the tradition that this is a country of opportunity. And without a constant supply of successful new businesses, neither banks nor free enterprise can exist.

Any bank, whose personnel situation will permit, would be well advised to put its veterans' loan department in the charge of a veteran. There is an invisible *esprit de corps* among fighting men which takes a long time to wear off.

In one midwest bank, servicemen applicants are taken without delay to talk to a bank official who has a dis-

charge button in his own lapel—and no arm up his right sleeve.

On one occasion an ex-bombardier was heard to confide to a buddy on leaving this man's office, "Well, I didn't get the dough but that guy in there's a Good Joe."

And there is the People's Bank and Trust Company at Sunman, Indiana, which has hired a local "Hoosier schoolmaster" to head its veterans department. Forest G. Waters knows most of Sunman's veterans, because he helped teach 'em their three R's. Now he hopes to help them with their debits and credits, loans and discounts, and more profits than losses if they want advice or assistance from the bank.

It is by no means essential to have a veteran in charge of veterans' loans. But it is essential to recognize that this is a special service department, and as such it ought to receive the same attention in terms of personnel, administrative service, equipment and promotional assistance as any other special department—only in this case maybe a little more of everything. It has an important job to do.

THE American Bankers Association promptly recognized this aspect of veterans' loans, and one of the first steps of its Committee on Service for Veterans was to "spell out" the provisions and operations of the act and to recommend methods for handling them. As any banker can attest, this has been a tough assignment, but the more than 15,000 guaranteed bank loans made to date bespeak some results. Some specific examples of their results can be reported.

In Philadelphia 36 commercial banks underwrote the expenses of the Philadelphia Agency for Business Loans to Servicemen, Inc. All such loans are referred directly to this office which functions for the sole purpose of handling veterans' loans and is indeed an actual cash-over-the-counter loaning agency. In its first 10 weeks of operation the center made loans of \$106,139 for projects including the establishment of a paper route, starting a drugstore, a flying school, a pants pressing service, a roofing service, a welding service, purchase of dental equipment and the opening of several food stores. In addition to actual loans, the agency helps veterans make complete and business-like investigations of contemplated projects for new small enterprises.

This Philadelphia program seems well suited to large centers where there are many banks, but big cities are still the exception rather than the rule in the American scene. Most towns and cities have only one or two banks. Moreover, at least 12,000 of our commercial banks have staffs of 25 people or less, 5,000 banks have staffs of 10 or fewer personnel. Yet all of these banks must—and are anxious—to meet their returning veteran borrowers more than the proverbial (and inadequate) halfway. Many local banks have sought to meet the problem by participating in various types of community veterans' advisory councils where many general problems arising under the servicemen's act can be solved *before* the veteran gets down to the hard facts about loans.

In fact, many bankers have recognized a more than "fiduciary" responsibility in helping returning veterans

Veteran Misconceptions of Loan Provisions

*I*n a recent talk at a veterans' district meeting, James C. Atkins, president, Louisiana Bankers Association, expressed the sentiments of bankers throughout the country by saying:

"When these veterans come into our banks, it is our duty as bankers to take them into our confidence, counsel with them, advise and encourage them."

Mr. Atkins gave some examples of experiences Louisiana bankers are having with veterans applying for loans, which are typical of experiences bankers are having elsewhere, and indicate that veterans have been inadequately informed regarding the loan provisions of the Servicemen's Readjustment Act of 1944.

He cited an instance of a veteran calling at a Lake Charles bank and requesting a \$1,900 loan. The vice-president asked him what he intended to do with the money and got this reply:

"I want \$1,000 to buy a new automobile and \$900 to spend any way I please."

Mr. Atkins cautioned against giving veterans the impression that they are getting the "brush off."

solve their non-financial problems also. Too often the impetuous veteran wants to get the money from his guaranteed loan in hand *before* he tackles all of the other myriad problems incidental to getting started in business. By participating, along with other business men and community lenders, in local veterans' advisory councils, the local banker can help the veteran get his horse and cart hitched up in the right order.

While they vary in detail, most of these voluntary advisory groups are based on the sound assumption that those persons already in business in a community are the best advisors of potential new business men. Doubters have raised the issue that it is impractical to have local business men volunteering to give advice to potential competitors. But such criticism merely blinks at the facts that the established business leaders of a community have the same stake as the local bankers, both in creating business expansion and in preventing business failures.

As an example of how these local business advisory groups operate to help veterans, the Richmond Business Clinic is not only typical but is itself one of the pioneers of this timely and practical service.

Whenever demobilized servicemen, calling at either the Richmond U. S. Employment Service or Veteran's Placement Bureau, indicate a desire to go into business for themselves, they are referred to the business clinic at the Richmond Chamber of Commerce. They are also given a small pamphlet which consists of (1) 12 very realistic questions which any man thinking of going into business might well ask himself; and (2) 10 items of good advice on such practical matters as sound credit, careful record keeping, etc.

If, after reading the booklet, the serviceman still believes he has what it takes to go into business, he calls at the business clinic. Here he first talks to a three-man panel of experienced local business men drawn from a revolving group of volunteers. They talk over in detail

(CONTINUED ON PAGE 144)

Banking's Answer

ROBERT M. HANES

MR. HANES, president of the *Wachovia Bank and Trust Company, Winston-Salem, North Carolina*, is chairman of the Post-War Small Business Credit Commission of the American Bankers Association.

FROM information gained on a nationwide trip recently completed, I am confident that 75 per cent of the banks of the nation are thoroughly aware of their responsibility to finance every competent individual, firm and corporation in the United States. They are determined especially that small business shall have every consideration and every possible assistance.

These banks have designated certain officers in their institutions to handle the problems of small business men. These officers are equipped by training, experience, and most especially by a consuming desire to make every loan bankable and to merchandise credit vigorously and intelligently, so that one need have no fear but that chartered banking will do a creditable job.

Because these banks are placed in every trade area, and in almost every community, business, both large and small, as well as individuals, will have access to a courageous lending institution which will take care of their needs if they are worthy.

An advertisement by a bank, one of whose vice-presidents, H. H. McGee, is a leader in small business credit

Mr. Hanes



It will continue to be the earnest endeavor of the Post-War Small Business Credit Commission to show the light to the 25 per cent of the banks which are not cognizant of the great responsibility bankers have.

Unfortunately we have some riskless bankers, but competition and the laws of nature will gradually rid us of these. Bank directors will then fill their places with vigorous, virile and courageous bankers, determined, as are the great majority, that chartered banking shall continue to finance the nation for short and intermediate credits.

This financing will be done—as it has been almost since the founding of this nation—by the local bank, or, if the loan is too large, too risky or runs too long a time for the local bank to handle alone, then it will be made in connection with a city bank or banks of larger size. If the local bank and the city bank or banks feel that for some reason they do not wish to take the whole risk of the loan, then the credit group composed of many banks—at the present time there are 39 of these credit groups with total available funds of more than \$550,000,000—will share the loan, dividing the risk so that in case of loss no one bank will be seriously inconvenienced.

It is the desire of the Post-War Small Business Credit Commission to rejuvenate and re-cement the correspondent bank relationships which have somewhat atrophied during the war years, because they have not been needed so much. There will be, therefore, no credit that comes within the province of the chartered banking system which cannot be handled with this setup. It is banking's answer to those who still believe an extension of government lending is necessary.

The Commission will continue its educational work. It will in the future, as it has in the past, prepare and distribute to the bankers of the nation pamphlets and booklets on new lending techniques, improved operating procedures, better credit methods, new merchandising policies, etc. In this way, the smaller banks will have the experience and ability of the larger banks for their guidance and use. There will, therefore, be no reason for any banker to state, in the future, that he isn't familiar with any type of loan. He can get the proper procedure on any kind of credit from the Commission.

Banking, too long on the defensive, is now on the offensive, which means success to its effort.

The Banks Are Ready

AMERICA'S private banking system is meeting the tests of war... is doing its job to speed final victory, and is ready to provide industry with the credit needed for the shiftover to peacetime activity.

The nation can tackle the difficult tasks ahead with greater confidence by reason of the fact that the banks as a whole are in a stronger position than ever before—both financially and in terms of newer viewpoints and methods.

The banks are ready to supply credit in full measure to competent individuals, firms and corporations for all constructive purposes. The banks have developed lending methods which have been tested and proved in recent years—term loans, accounts-receivable financing, consumer-credit financing, field-warehouse financing, to mention a few.

Sound correspondent banking relationships and the banks own regional credit groups back up the individual banks in their determination to provide adequate local credit.

In a word, the banks are ready, willing and able to meet the full credit needs of business—small, medium and large. *Use this service—get in touch with your bank and find out how it can help you over the hurdles of war-contract termination and assist you in getting squared away for the new conditions ahead.*

BANKERS TRUST COMPANY



Six Consumer Credit "Musts"

E. I. H. BENNETT

The author is a vice-president of the Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania.

BEFORE the war, commercial banks handled only 24 per cent of all automobile and appliance financing. The other 76 per cent was financed outside the banks and usually outside the towns in which the purchases were made.

In the first few post-war years, Mr. and Mrs. America will finance the purchase of \$5,340,000,000 worth of cars and home appliances. In terms of each 1,000 of population, the dollar volume to be financed will be approximately \$42,500. This is a business of which, I believe, most banks will want a larger share than they had before.

To banks which are considering post-war financing of automobiles and appliances, this article is primarily addressed. To those which have had long experience in this phase of banking, the following points will serve only as a reminder. Here they are—the six essentials for any bank consumer credit department which hopes to compete successfully with other established and experienced financing agencies.

(1) *Charge to the Buyer or Borrower.* In consumer financing, banks should attempt to adopt a rate of charge which is fair and reasonable to the buyer and to the bank. While I believe this is an important phase of consumer credit financing, over a period of many years, the rate of charge to the borrower has not been an extremely important factor from the borrower's viewpoint. The average instalment buyer merely asked, "How much per month will it cost me?" and whether the charge was 4, 6, 10 per cent or higher has been of very little importance to him.

IN recent years, however, there has been a growing interest among instalment buyers and borrowers in the interest or carrying charge. To some degree, banks have been responsible for this trend, for they have been urging the public to compare bank costs of borrowing with borrowing through other financing agencies. Thus, while the actual cost of borrowing has not been as big a factor as the question of "How much a month?", the trend is certainly the other way, and we should be sure that our charges are fair and reasonable.

It is hard to say what may constitute a "fair and reasonable charge." If we stick to the subject of appliance financing, we find many divergent views on the subject. Some banks and finance companies maintain that a charge of less than 8 per cent per annum discount is unprofitable. Others say 10 per cent discount is a fair charge, while the majority believe a 6 per cent discount or \$6 per \$100 per year is a good standard rate. At our bank, we follow the latter course. We have a standard rate chart for appliances of all types based on a rate of \$6 per \$100 per year with a minimum charge of \$5 to



HARRIS & EHRING

RECONVERSION MEANS CONSUMER GOODS

RFC Director John W. Snyder, left, taking the oath of office as reconversion director, replacing Fred M. Vinson, center. Chief Justice Lawrence Groner, right, of the District Court of Appeals, administered the oath

discourage small transactions. We recognize very clearly that on some of the smaller minimum deals, we will make little if any profit, and if we run into collection difficulties on such accounts we will certainly lose money. We believe, however, that we must operate—that all banks must operate—on a law of averages, and that by taking all deals on a standard rate basis, we can certainly have a profitable operation if we streamline our acquisition and collection procedures.

When we get into automobile financing, we have some conflicting opinions, but just prior to the war I think most new car financing was on a \$6 per \$100 basis, and for the present at least, finance companies and banks are going ahead on a similar basis. We do know, however, that at least one major finance company is thinking about reducing that rate to as low as 4 per cent discount, and those of us who are in the new car financing picture, may as well be prepared to meet that rate. The drop from 6 per cent to 4 per cent on dealer paper is not as alarming as it may appear, for I am sure you recognize that the reserves paid to dealers on a 6 per cent basis will be virtually eliminated if we are obliged to extend a 4 per cent rate to the buyer. One thing I think we should all recognize is the fact that banks, as a group, can unquestionably match any consumer rate offered by a finance company. We have cheaper money, and in many cases, a larger supply of it, and we should be prepared to be strictly competitive with finance companies on rates.

One other rate problem has to do with used car finance. This has been, perhaps, the most abused part of the entire consumer financing picture, and in my judgment, it is something which we, as banks, can and should correct. We know that finance companies, large and small, have always charged a higher rate to the borrower on used cars, on the theory that losses are substantially higher,

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and that risk is greater. I could quote you rates as high as 14 per cent and 15 per cent discount on a used car, but I have never been able to find concrete proof that the risk, as measured by actual loss, was double, triple or quadruple that of new car financing. Certainly there may be an added risk in financing a used car, but in my opinion, that is merely what we can expect if we get into this business, and I can see no justification for charging the purchaser of a used car any more than the man who buys a new car.

With this in mind, we at Peoples-Pittsburgh have adopted a 6 per cent rate chart for used cars, which means that in effect, we have departed somewhat from the usual procedure and have set up for our dealers, whether appliance or automobile or equipment dealers, a standard uniform charge of \$6 per \$100 per year. In all our advertising, if we advertise specific rates, we can definitely promote a standard rate for all types of borrowers or instalment buyers. In my judgment this is fair to the borrower, it will leave the bank in a position where it cannot be criticized, and if we operate as economically as I think we can, we will show a very nice return on our investment. I really don't know how we can ask for anything more than that.

(2) *Flexibility in Dealer Arrangements.* The type of deal made with an appliance dealer varies to some extent with different sections of the country. For example, in some areas all appliance arrangements are on a full recourse basis, while in other sections of the country, many dealer plans are without recourse. Generally speaking, however, when we confine our remarks to appliances, a recourse or at least a limited recourse plan is acceptable to the average dealer.

WE should not have too many different plans in existence. There is danger in having a different plan for each dealer, for sooner or later the other dealer will find the bank is doing business with one of his competitors on a more favorable basis, and the reaction will be anything but favorable. At our bank we have adopted the policy of having all appliance dealers sign a general repurchase agreement. If an appliance account becomes delinquent 61 days or more, the dealer agrees to repurchase. As far as I know now, this will continue to be our policy, but we are prepared to be as flexible in this respect as competition may demand.

For example, if we hear that reliable competition is offering a limited recourse plan whereby the dealer assumes liability only until the first three or four instalments have been paid, and we believe the dealers prefer such an arrangement, we will very readily and quickly change our plan to be competitive. It may even get to a point where competition may offer non-recourse arrangements, with no liability on the dealer, and while I am very reluctant to handle appliance transactions on this basis, I still say that we are flexible enough in our present thinking to go along with such competition if it becomes necessary.

If banks are going to be successful in this phase of consumer financing, they must be prepared to change their minds whenever local conditions make it necessary to do so. They cannot possibly adopt an arbitrary stand, and say simply "take it or else." They will not get

the business this way, and I think it is important that all of us make up our minds now that we will get the business on the soundest and best possible basis, but that we will also be competitive.

(3) *Credit Approval.* The better dealer does not want any bank or finance company to accept a deal which is obviously poor; he knows that a sale is not complete until the final payment has been made, and he does not want to have repossession and repurchases. However, he knows also that many people who buy on an instalment basis might not qualify for a bank loan, based on the standards banks have set up in the past. Assuming the dealer has signed a repurchase agreement, we should be liberal in our credit appraisals of a customer, for if anything should happen to that account, the dealer is obligated to repurchase, and the loss will be his, not ours. Therefore we should bend over backwards, so to speak, to accept almost any transaction that is recommended by the dealer, for that customer may be known by the dealer and he may have good reasons for believing the customer will pay. If we can find nothing in our investigation that would cause the dealer to change his mind, then I think we should accept the business, based on the dealer's recommendation, pointing out to him, however, that he may be obliged to repurchase the transaction, because in our opinion it will eventually become delinquent.

Banks should always remember that they are dealing with a class of buyer who ordinarily does not need bank credit. We must educate ourselves to the wage-earning buying public and its methods of doing business.

(4) *Floor Planning.* I have heard many doubts as to the advisability of extending floor planning accommodations to dealers. Some bankers have indicated very clearly that they consider this business very risky, and have gone so far as to say that they will not extend floor planning accommodations. This is equivalent to saying that you'd like to have your cake and eat it too, for it is impossible for a dealer doing any substantial volume of business to offer a bank retail paper unless he can get the merchandise to sell.

MANY of the unsatisfactory experiences banks have had in floor planning have been the result of poor handling. When you place merchandise on a dealer's floor, you must recognize that his primary aim is to move that merchandise as quickly as possible, and that his first interest is in retail sales. If he is a good dealer, he is more sales-minded than finance-minded, and when he sells merchandise he first thinks of the profit he is making. He forgets, occasionally, that the merchandise may not belong to him in the first place, and that is where the bank, by frequent and careful checking of the goods, can bring home to the dealer the fact that he has an obligation to the bank on the merchandise he has sold or is about to sell. You will always have goods sold "out of trust," but that in itself is not serious if the dealer immediately makes good when the condition is called to his attention. It has been my experience that most dealers make an honest mistake by not remitting immediately, and a simple reminder from the bank will bring immediate settlement.

(CONTINUED ON PAGE 133)

THE VIEW FROM HERE

AN IMPORTANT move on the surplus property disposal front was made by Benjamin F. Fairless, president of United States Steel, announcing that the directors had finally declined to make an offer to lease or purchase the \$200 million Geneva Steel Works in Utah, thus leaving the way open to Henry J. Kaiser and to others.

★ ★

Britain, Canada and Czechoslovakia will be the first countries with which commercial arrangements will be negotiated under the new Reciprocal Trade Agreements Act, said H. P. Macgowan, chief of the trade unit of the Department of Commerce.

★ ★

Chase National Bank of New York announced three innovations: GI loans up to \$7,500 beyond the Servicemen's Readjustment Act; the reopening of its compound interest departments after several years; and the raising of its loaning rate on governments from $\frac{1}{2}$ to $\frac{5}{8}$ of 1 per cent.

★ ★

Emil Schram, president of the New York Stock Exchange, has succeeded in his campaign to have the Treasury take notice of and perhaps seek legislation to curb huge speculative trading profits of aliens who are exempt from some capital gains taxes because of their visitors' status now.

★ ★

About 3,000 items of government-owned surplus property are listed in a booklet, "How to do business with the RFC," items ranging from aircraft to industrial plants, capital and producers' goods.

★ ★

"The commercial banks of the country will be well advised to anticipate a period in which their holdings of governments will account for more than 80 per cent of their assets and the average yield will fall below 1 per cent," according to Joseph Stagg Lawrence, economist and vice-president of Empire Trust Co., New York.

★ ★

The Chamber of Commerce of the United States quotes the secretary of the American chamber in Berlin to the effect that machinery and equipment have been removed by Russia from such American owned plants as Ford, General Motors, Woolworth, National Cash Register, Singer. Eric Johnston, president of the Chamber, suggests adoption of a common United Nations policy.

★ ★

The next decade "will see the rate of progress in the South surpass that of any other region," according to Robert M. Hanes, president, Wachovia Bank and Trust Co., Winston-Salem, North Carolina, writing in his bank's magazine.

★ ★

A new analysis providing the first complete breakdown on the locations of the 13,126 factories worth \$20.3 billion built during the war is now available from

the War Production Board in a report entitled, "Characteristics of War Manufacturing Facilities."

★ ★

About \$1,292,000 Federal Land Bank loans have been made in the last six months to returning veterans "for the purchase of farms or to refinance farm debts."

★ ★

For the first time in its history, the New York Stock Exchange has started a national advertising campaign in about 400 newspapers. The first ad sponsored the sale and retention of War Bonds.

★ ★

Former Postmaster General Frank C. Walker has become a director of Grace National Bank, New York.

★ ★

War Bond redemptions of all series in the last 12 months averaged between 0.82 per cent to 1.10 per cent monthly of the total amount outstanding at the previous month end, according to a study by the Federal Reserve Bank of New York.

★ ★

If the gross national product is to run to \$160,000,000,000 a year, ordinary capital issues may rise to \$16,000,000,000 annually, according to F. Eberstadt, New York investment banker and former vice-chairman of the War Labor Board. This would outstrip the \$11,592,000,000 of new issues in 1929.

★ ★

Several American and British bankers and brokers are now trying to work out listing of London securities on the New York Stock Exchange. This would raise dollar exchange for the British and provide participation in United Kingdom industries.

★ ★

Reports from Manila speak of a resumption of Philippine gold mining on a larger scale than before the war. The same applies to Soviet operations in this field and practically to all producers.

★ ★

Representative Emmanuel Celler, Democrat of New York, urged immediate investigations into the operations of the sterling bloc which he said deprived Americans business of a good part of the world markets.

★ ★

A study made by the Social Security Board in the Philadelphia and Baltimore area showed that among the insured and beneficiaries of Federal benefits, 25 per cent carried no private insurance whatever, 60 per cent had industrial insurance, and only very few had policies with a cash value of \$500 or more.

★ ★

A string of foreign loans is under negotiation in Washington by the Export-Import Bank. The countries mentioned at this time, with arrangements nearly completed, are Norway, Denmark, Belgium and the Netherlands East Indies. Private American bank participation will depend on requests by the debtors.

The Country Banker



GENDREAU

The Future of Farm Loans Is Up to Banks

HARRY McCLELLAND

MR. McCLELLAND, a vice-president of the Bank of America, N.T. & S.A., is in charge of that bank's agricultural activities.

DO BANKERS want the farmer's business? This question has been asked of many bankers and the answer is always the same: a very emphatic Yes, without any ifs, ands or buts.

However, as one waits for the halting answers to a second question, "What are you going to do to get the farmer's business?" a shadow of doubt falls on whether the banks really do want the agricultural loan business. Merely to want entails nothing more than for the banker to sit down in his counting house and let his mind do a little desiring. To get the business will demand some energetic and positive action.

Before venturing too deeply into our subject there is a third question to be disposed of: Are the commercial banks of this country equipped to do the job? If they are not, then our other interrogations are academic. It is hoped that the following disquisition will at least indicate the correct answers.

It is commonly said that everything is at the cross-roads, so we might as well add the banks and agriculture to that mighty traffic jam. To begin, let us offer a few observations on the present and prospective part of farming in our economy, with the idea of determining what the banks can offer in the way of constructive assistance.

On the whole, despite the fact that land values have jumped 60 per cent in the five years since 1939, the farmers have been able to reduce their long-term mortgage debt, which will enable them to enter the reconversion period in good shape. There will be many farmers who have overreached, however, and unless high prices for farm products continue for a few more years these farmers will find themselves in difficulties.

A goodly portion of this top-heavy debt has resulted from the sale of property and is represented in purchase-money mortgages, held in a large percentage of the cases by individuals. According to figures computed by the

American Bankers Association under date of April 14, 1945, about 20 per cent of all sales of farm land in 1944 involved mortgages of 75 per cent or more of the sales price. There will be attempts to refinance this inflated paper which may become exceedingly "hot."

Do the banks want this business? The answer is obvious.

But how about the balance of the mortgage loan business generated in the greatest movement of farm land since the '20s, where there has been sufficient down payment to bring the balance within reasonable limits? How about the financing of farm land purchases?

Returning veterans and war workers form a mighty backlog which has not yet been ignited. Who is going to handle all that business? In the past decade we have seen the migration of farm loans from banks to Federal agencies and insurance companies. During the agricultural doldrums the banks neither wanted these loans nor were equipped to handle them. Is this condition to prevail in the future?

THE banks say they want this business, but are they in a competitive position to hold their own against the Federal agencies and the life insurance companies which also want the loans? The lure of these lenders is simple but effective. They offer the borrower two things: Four per cent interest and 20-year (or more) amortized and flexible loans. In the case of Federal agencies the effective interest rate is somewhat higher because of service charges and requirements for stock purchase, but most of the insurance companies are bidding on the basis of 4 per cent interest, the only extra charge being for title and recording.

It is quite possible that banks could get a good part of this business and still maintain interest rates slightly in excess of 4 per cent, but they cannot get or keep the business unless they were willing or able to make long term loans of 20 years or more. Farmers in general want the long term, and it is this consideration which outweighs their natural desire to patronize banks and sends them to other lenders.

It is the opinion of the author that the present 10-year limitation on real estate loans in many state and all national banks is the inherent weakness in the bank picture. The longer terms have been condemned as destroying the liquidity of banks, as basing loans on securities of uncertain value. The simple truth, of course, is that any reasonable terms which will enable a loan to be repaid without putting undue strain on the borrower make for a sounder loan.

With keen competition from other sources, the banks must seriously consider seeking a change in the present laws to allow long terms up to 20-year amortized loans with flexible prepayment privileges. Without this change banks will not be able to offer a mortgage credit service fully geared to the requirements of agriculture.

Now, how about short term credit to farmers? Under the tremendous pressures of war agriculture has expanded into more acreage and more production. It seems reasonable to expect an adjustment and a redeployment within the first or second crop years after the war is over in our acreage and production of certain crops. This adjustment will not necessarily have any marked effect on the fundamental principles of short-term farm credit, or cause any diversions from certain long-range trends.

What important factors will continue to have an influence on the kind and amount of farm money requirement?

There is the inevitability that fewer and fewer persons will be required to produce the food of the nation; that the trek from the farms to the cities, which began 150 years ago, will continue, interrupted only during times of industrial depression and by the temporary influence of short lived back-to-the-land movements which have followed every major war.

As a matter of fact, this movement away from the farm might be accelerated with the improvement of farm machinery, new techniques, new crops, improved grades

Part of a promotion folder circulated by the Bank of America's agricultural department



Getting Farm Loans

On the basis of long observation and experience the discussion sums up as follows:

1. *The rank and file of farmers would prefer to do their business with banks, if given half a chance.*

2. *Banks can get and hold a great share of the agricultural business of the country by putting themselves in a competitive position.*

3. *In the long term loan field the most important requirements will be to make bank interest charges reasonably competitive, and what is more important, to put banks by legislative change in a position to make long term farm loans.*

4. *Where short term credit is needed it must be realistically based on recognition that the paramount requirement is flexibility.*

5. *Within reasonable limits the borrower must have some assurance that the banks will be a source of a dependable supply of credit.*

6. *Banks must staff themselves with men who know farming and the problems of the farmer—the surest way to gain the confidence and respect of agriculture.*

of livestock and more productive feeding practices. This will make it necessary, in the absence of some unlikely cooperative development, to have farms somewhat larger in order to justify heavy investment in labor saving machinery and equipment.

There is much talk about the family-size farm as the cornerstone of our agricultural policy. But what is a family-size farm? This concept is due for much revamping, for certainly the size of a farm that a family can operate is destined to be larger after the war than the 40, 60 or 80 acres which people generally associated with the term in years past. In other words, the economic farm unit is expanding.

The direct result of all this will be greater demand for additional capital, which must come from banks and Federal or other lending agencies.

What are the banks doing to get this business? Before answering that let us look at a few more controlling elements in our agriculture. Land prices and crop prices are high, but so also are labor, transportation and equipment costs. However, they are in relative balance so that the overall result is profitable. The reason land prices are now high, of course, is that they reflect the capitalization of these very profits. Once let prices drop, trouble will start, for the cost items will not necessarily drop along with prices.

Agriculture has a history of ups and downs. Much of this variability is caused not so much by conditions within agriculture itself as by elements entirely outside it and independent of it. Are banks willing to ride along with agriculture during times of stress and put their reliance on long time averages? Are they willing to take into consideration the material hazards of weather, pests and crop failures, not to mention the cyclical movement of prices, and extend their credit and terms of repayment to conform?

(CONTINUED ON PAGE 142)



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You can order Recordak *now*, as the most forward-looking banks are doing—thus get first call on the new, improved models that will go into production the moment government orders have been met.

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In bookkeeping operations, Recordak's Single Posting System saves up to 40% in man hours and machines . . . up to 98% in space,

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In transit operations, the Recordak Transit System cuts charges as much as 40% by doing away with time-consuming descriptive and numerical methods . . . gives you and your depositors protection that no non-photographic system can match.

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Get the figures. You'll be amazed at how little it costs Recordak-equipped banks to handle transit and bookkeeping . . . the photographic way. For these figures, write—Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York 17, N. Y.

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America's 170-Year-Old Plan

WILLIAM R. KUHNS

THE day of the live stock judging contest finally arrived, although it was just another day to the cattle. They seem to be bored even in Hereford Heaven. Today they had to have their white faces washed and their hair slicked and a lot of rigamarole simply because company was coming.

Rex, the chocolate colored and reasonably friendly doberman belonging to J. M. McClelland, the ranch manager, began feeling important quite a while before daylight and found plenty of things to bark about.

There was quite a bit more stirring around than usual because the Turners were expecting about 800 guests for lunch at the Turner ranch near Sulphur. A good half of this number would be 4-H boys and girls and Future Farmers from all over Oklahoma ready to test their knowledge of purebred Herefords and their skill in judging the animals. And if any smart aleck thinks this is an easy thing to do he might be amazed at the extent of his ignorance.

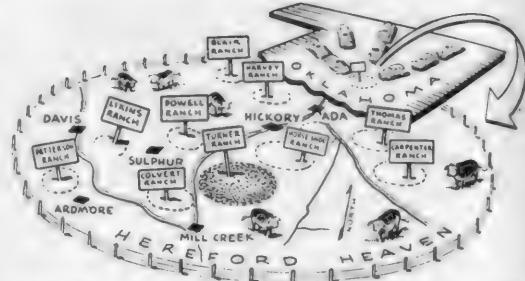
This was the sixth year that Roy Turner had been host on such occasions. At some of the previous contests the attendance had been well over 1,000 but that was when gasoline was easier to get and there were not so many boys in uniform.

THE Flying L Quartet of Bill Likin's ranch was on hand bright and early notwithstanding a rather late session the night before. The quartet is made up of Tulsa business men in disguise and quartetting is their recreation. On a Saturday night, or any other night, they like to put their heads together and let 'er go, with harmonious results that are very high quality. When they sing "Hereford Heaven" it is easy to believe—

"There's a land in Oklahoma,
Where nature made it grand,
Placed the soil on limestone,
And then made it grassy land . . ." and so on.

There's a lot more to the song. It was written by Roy Turner with just the right mixture of sentiment and salesmanship, ending with the positive assertion that this part of Oklahoma is a department of Paradise.

That morning at the big breakfast table there was naturally a lot of talk about the weather until Mrs. Blizzard settled it by saying that the way to be sure of good weather was, for goodness sake, stop worrying about it. Mrs. Blizzard is the wife of the Dean of Animal Husbandry at Oklahoma A & M College, and her diagnosis turned out to be correct, so Hereford Heaven had a one-day's respite from rain. Occasionally



"Hereford Heaven is oval in shape—encompassing about 2,000 square miles. It includes parts of the counties of Pontotoc, Carter, Murray (named after Alfalfa Bill), Johnston, Stephens, Grady, Garvin and Coal."

the sun was back of a cloud and there was a cool breeze that made everybody feel optimistic and comfortable.

Dean Blizzard had his shirt open at the neck and was all set for the big business of the day. In fact the only necktie in sight was the one worn by Roy Turner. It had a cowboy painted on it and was *de rigueur*, being a badge of his office as assistant manager of the quartet.

There were already quite a few guests on hand by the time breakfast was over and events began to move so fast your reporter could hardly keep up with them.



First, here is the way Dean Blizzard summarizes the purpose of the cattle judging contest:

"In any breed of beef cattle, the livestock judge looks for those points which ultimately mean a high proportion of the higher-priced cuts of beef. A breeding animal must have these characteristics, because in the long run the value of a breeding herd lies in its ability to produce steers that will bring top market prices. Packers pay top prices for animals having the highest percentage of good steaks and roasts. Feeders want to put flesh on those spots at the least cost. Quality in the breeding here lays the foundations for satisfying both packer and feeder, and, finally, the consumer."

Several bankers were present, including Frank Haven, of the Liberty National Bank in Oklahoma City, and Hugh Harrell and Kent Hayes, of the First National Bank & Trust Company of the same city. Throughout this area the bankers have active programs of lending to 4-H boys and girls and Future Farmers and they say these loans invariably turn out well.

All the way from Clarksville, Tennessee, had come Bill Bailey, president of the First National Bank, to deliver the principal speech of the afternoon. He brought with him his righthand farm credit man, Lewis Pace,



vice-president of the bank. Bill's mind, of course, is always full of Clarksville and alert to anything that will contribute to the fame of that famous city. So in conversing with one of the 4-H boys, Charlie Onan of Duke, Oklahoma, he could not help getting around on his favorite topic.

"I'll bet those cowboy boots of yours were made in Clarksville," said Bill, "and I can tell you the name of the company." Without further ceremony Bill reached down and got hold of Charlie's boot. He pulled but the boot stuck. After a great deal of effort, with somebody holding Charlie's shoulders and Bill pulling on the boot, it was discovered that the boy was not cooperating but had fastened a death grip on the boot and was not letting anyone take it away from him. Finally when it was made clear that Bill had no interest in the boot except to prove that it was made in Clarksville, the boot came off and inside it said "Made in Clarksville."

Several of the competing teams were composed of girls and it would not do to pass lightly over this fact without mentioning that these girls were extremely attractive. In fact, one of the team leaders was overheard telling his boys that if they had any hopes of winning this contest they had better give their attention strictly to Herefords.

Judging Starts

PROMPTLY at 10:30 A.M. the animals, in six different groups, were distributed in the various enclosures where everyone could get a place at the fence and a good view. Each animal had a number painted on and the point of the judging was to pick out the best, the next best, and so forth. There were quite a few other rules of the contest, all aimed to insure that each team and each individual had an even chance to make a good score.

The judging went on until noon, with the contestants shifting from one enclosure to another in order to include all groups of cattle which were being judged.

The abilities of the various contestants were measured against decisions previously reached by the two experts, Dean Blizzard and R. J. Kanzer, executive director of the American Hereford Association.

Time to Eat

ALONG toward noon the scorecards were all turned in and everybody lined up for the March-to-the-Food. Those in charge of this maneuver attempted a sergeant-like umph! two! three! four! but the boys and girls weren't having any. They are an independent bunch and if any one of them happened to be in step with anybody else it was a coincidence. (Picture at right.)

While the food was being put on the serving tables there was an entirely different scene taking place in the

ranch office, where a radio broadcasting station had been set up for the occasion. First there was a weather report, then a few announcements by the manager of the station, Ed Lemmons, a few excellent numbers by the Flying L Quartet, and then four very beautiful young ladies from Wichita sang cowboy airs, sweet and low, and added a few currently popular numbers.

Dean Blizzard stepped up to the microphone and spoke on the great interest that Oklahoma A & M had in the educational possibilities of the cattle judging program. Next Bill Bailey stressed the educational character of the contest, its importance to the meat industry, and the wide opportunities of the future for farm boys and girls.

Meanwhile down in the pecan grove which surrounded the house of the chief herdsman, John Blenkin, the mountains of sandwiches and pop, all flavors, reached five times higher than a jackrabbit's ears. John Blenkin, by the way, comes from Hereford, England. He says, "The breed is quite different in England from here. In England the Hereford market is chiefly South America. Down there they want the animals older and more rugged, whereas in the United States we have been doing wonders developing the baby beef idea, selling them about a year old. Here we have also made much greater progress in learning how to develop animals which respond to good feeding."

There were sandwiches, pickles, potato chips, and ice cream and fortunately you could have all you wanted because these boys and girls had brought with them some of the outstanding appetites of the country.

All during the eating period a news reel photographer had been busy at various points in the scenery recording things with pictures of the host, his wife and family and distinguished guests. One and all were "shot" for the benefit of news reel audiences throughout Oklahoma and surrounding states. Practically everybody in that area has heard of Hereford Heaven by this time.

For a few more facts about this extraordinary development we lean again on Dean Blizzard. Here is what he says about the soil and climate.

"We Oklahomans are of course very proud of Hereford Heaven. This area is unquestionably one of the coming livestock centers of the nation, if it has not already reached that position. Its development during the past few years has been so rapid that even here in Oklahoma we find it a little hard to believe."



"Here within a radius of 35 miles there are more than a score of ranches turning out fine breeding and commercial cattle. In these 2,500 square miles of beautiful, rolling hills there are many smaller commercial herds, as well as the big, nationally famous breeding herds.

"The soil is weathered limestone. That means the grass is full of the minerals which are needed to build big frames to carry lots of meat—the ideal of all beef cattle breeders.

"The area is located far enough south so the winters are not severe, yet far enough north for the climate to be invigorating. It would be a heaven for Angus or Shorthorns, too; but the Herefords became established here first, so it is truly Hereford Heaven." The Angus cattle in this section are sometimes referred to as the black angels of Hereford Heaven.

The Meat Shortage and All

OKLAHOMA was opened in 1889 and became a state in 1907 during the little depression under the first Roosevelt.

The first thing many of the earlier people did was put the shallow soil to the plow, although this did not occur in the Hereford Heaven area where the rocks are close to the surface and in some parts stick up in rows like tombstones. For the most part this plowing should never have been done but much of the damage from resulting erosion and soil exhaustion is now in the process of being repaired.



Now every Fall sees Oklahoma and Texas full of calf buyers. The calves are shipped by the thousands to the corn country. The way the breeders explain the meat shortage is chiefly that animals are being killed three hundred to four hundred pounds under the weight they should have because it does not pay feeders to keep them. In fact the feeders would be willing to break even but they do not want to operate at a loss. Another factor, they say, has been the buying habits of the services who preferred for convenience to deal with the big packers. The small ones then had to be held in check to keep them from taking the market. At least that is what one hears among the breeders.

In Hereford Heaven there are various kinds of cattle raised although there has been little progress with Guernseys. Hereford Heaven is oval in shape—encompassing about 2,000 square miles. It includes parts of the counties of Pontotoc, Carter, Murray (named after Alfalfa Bill), Johnston, Stephens, Grady, Garvin and Coal.

Breeders of registered animals will tell you that the ultimate objective of all their efforts is better meat for the butcher's block. The benefits of raising animals for breeding purposes permeate finally to the commercial herds.

Most of the full bred development in Hereford Heaven has come in the last 11 years. Now the ranches

are doing business with Hereford raising areas throughout the United States. Some of the ranches set aside a day each Spring when boys can buy two-week old calves and raise them with their own nursing cows.

Not long ago *Life Magazine* sent a photographer to Hereford Heaven to record the beauty and contentment of these cattle. Below is one of the pictures from *Life*.

The saying around this country is that if you want to learn the cattle business do just as you do in poker, put some money in the business. Doubtless there is money in it. We heard of one 10-year-old bull, for example, that had produced about \$750,000 worth of animals and was still going at a production rate of almost \$100,000 yearly.

Speeches

AFTER food came speeches and things. An amphitheater had been constructed by resting some new yellow planks between bales of hay. The bales were soft enough but the planks were a fine quality of very hard wood with splinters. After dozens of guests had been introduced and Roy Turner had spoken of the history and purpose of the contest, and the Reverend Abernathy of the Methodist Church in Sulphur had told some good stories, and a world traveler, Mrs. Robinson, had cited scripture on what life offers young people who were straight and willing and eager, some of the audience began to get a little restless. Incidentally, the Reverend Abernathy told that one about the father who was teaching his son manners. He said, "Don't ever ask a man where he comes from. If he's from Texas he'll tell you and if he's not from Texas, better not embarrass him."

Anyway, when Bill Bailey got up to speak he faced a group who were becoming a little impatient to find out who had won the contest. They listened with commendable attention while he told them about the great

(CONTINUED ON PAGE 150)



BANKING



How to keep costs from "HITTING THE CEILING"...

A way to maintain profits and employment while strengthening your competitive position

EVEN AFTER reconversion and government price controls are eased... the problem of streamlining unnecessary expenses out of your business remains.

Individual company profits, employment and the entire national economy seek a *higher* level only as costs seek a lower level. Only as *more* is offered for *less*. Only as more—and better products and services are put within reach of more pocketbooks.

How can costs be trimmed further?

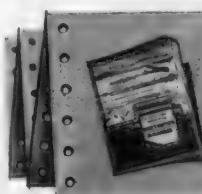
New possibilities for savings were discovered by many companies (as well as by the Army, Navy and Government Agencies) in licking the critical problem of manufacturing and moving war goods faster. In searching out road blocks to faster production and distribution, they found where and how to eliminate needless *costs* as well as needless *delays*.

Where? How? Scientific analyses of record systems of control conducted by Standard Register representatives spotted useless motions, waste, inefficient use of men,

materials and machines. The savings, resulting from better control and less paperwork, were in many instances *tremendous*.

Could you use such savings, today?

Our technical facilities are available to help meet your problems of reconversion and postwar operations in the development of adequate and efficient Systems of Control. Call a Standard Register representative today. He will apply an exclusive, wartime tested, practical technique to simplify your paperwork problems. Without upsetting your office routine, he will show you how to obtain better business record control... giving you a saving in time and costs.



WRITE for "A New Frontier in Business." It outlines in detail the services we offer. Send for your copy or ask for a representative to call and discuss your problems.

THE STANDARD REGISTER COMPANY

Manufacturer of Record Systems of Control for Business and Industry

DAYTON 1, OHIO

Pacific Coast: Sunset McKee-Standard Register Sales Co., Oakland, California. Canada: R. I. Crain Limited, Ottawa. London: W. H. Smith & Son, Ltd.

Country Banks Enter Post-War Era

Knowing Costs

J. E. DREW

MR. DREW is deputy manager of the American Bankers Association and secretary of its Commission on Country Bank Operations.

COUNTRY banks go into the post-war period with a thorough and accurate knowledge of the cost of doing business. This confident statement is made on the basis of the ever growing and insistent requests coming from country banks all over the nation for an opportunity to participate in the second annual cost analysis program to be undertaken by the Commission on Country Bank Operations this Fall. Invitations are expected to go to 11,000 country banks this Fall.

The announcement of the second year's program was made by the Commission as it brought to a conclusion the unprecedented task of conducting a nationwide analysis of the operating cost of approximately 3,000 country banks. With the completion of this project, the first cost analysis to be conducted on a national scale, the Commission mailed late in July to each participating country bank an individual and confidential analysis showing the cost of handling fundamental banking transactions, services and operations.

The cost figures are revealed on three simple forms. One form is devoted entirely to the cost of handling items and transactions and includes the figures for deposit tickets, "on us" checks, clearing and transit items, drafts and cashier's checks, various types of loans, bonds and warrants, and such services as auction sales and safe deposit rentals.

ANOTHER form shows the actual operating cost and operating income from loans, investments and services. A third covers the distribution of income and expenses by departments showing the net income and net loss on capital funds, time certificates, savings accounts, demand deposits, ration banking, auction sales, safe deposit boxes, other rent, other departments, loans, United States bonds, other bonds and warrants.

A unique feature of the analysis is the efficiency rating of each bank's staff. This involves a comparison of the time the bank's officers and employees spent on various transactions with the time it would have taken them to produce the same work using the Commission's standard time chart as a basis. The efficiency ratings of the first 300 banks, which provided a test check for the accuracy of time factors used in the study, showed an average rating of 98.89.

The analysis was made on a time plan basis which uses the number of minutes required to handle each type of item or transaction as a yardstick in measuring



The first batch of the country bank cost analyses are mailed to the more than 3,000 country banks participating in study. L. to r., Elizabeth Rice, secretary to Mr. Drew; R. A. Bezoier, chairman, Commission's Service Charge Committee; George R. Amy, assistant secretary of Commission; Cost Analysis Chairman William C. Rempfer; K. J. McDonald, Commission chairman; and Mr. Drew

cost. This plan is designed particularly for country banks because it recognizes the fact that country banks are not departmentalized and that the officers and members of the staff divide their time and activity among many different services, operations and transactions during the day. A record of the time spent on the job by each active officer and employee and a count of the number of items handled together with the usual bank records are the basic factors in the Commission's plan.

The time formula used by the Commission in making this analysis is an outgrowth of practical experience and exacting tests to assure nationwide uniformity of application. Before its adoption by the Commission this plan was used with outstanding success in several states and in some instances for as long as four years. The Commission devoted a full year to studying this and various other methods of analyzing country banks before deciding to use it in their cost study.

One of the most important by-products of the study will be the schedules of comparative figures that will be released shortly. These will show the standing of each bank in comparison with banks of a similar size located in the same general region. The confidential nature of this study which has been strictly maintained by the Commission will be preserved and the figures of each bank will be recognized only by that bank through the use of its code number.

(CONTINUED ON PAGE 158)

Your Navy does it Right



The place is Guam • The cows are Holsteins The barns are Quonset Huts

On the island of Guam, advanced base headquarters of the Pacific fleet, the Navy is carrying out an "operation" which will serve as a model for many another island base wrested from the Japs. The undertaking is a 65-cow dairy to supply fresh milk for American wounded hospitalized on Guam, and it is one of several agricultural projects launched by the Navy.

Perhaps someday you will get a first-hand account of one of these Navy farms from your own son, or the son of some neighbor, for many of the volunteer sailors who care for the stock and work the fields come from farms in the States. If so, you will learn that the project was carried out with customary Navy thoroughness. In the case of Guam, the herd of Holsteins was selected with care; grass for grazing was planted months in advance; Brahman bulls were imported to cross with the Holsteins and provide a tough-hided strain to withstand intense heat and insects in generations to come. And not least of the preparations,

the famous Stran-Steel Quonset building was "drafted" into service to provide barns and auxiliary farm buildings.

Simple and speedy to erect, neat in appearance, and sturdy, the Stran-Steel arch-rib building is ideally suited for farm requirements. It is fire-safe, warp-proof, rot-proof . . . impervious to wind, lightning and termites. Equally important, its clear-span construction provides a working area free from supporting members, so that any desired arrangement of litter alleys, feeding stalls, storage and other installations may be worked out simply.

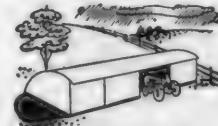
Tens of thousands of Quonsets have been produced by Great Lakes Steel Corporation and put to a hundred and more uses in the Pacific. No other building in history has been built in such volume or proved so thoroughly under all conditions. No other concern has acquired so much experience in producing steel buildings. Stran-Steel farm buildings and framing for homes will provide tomorrow's greatest values.

STRAN-STEEL FARM BUILDINGS

Proved in the all-purpose Quonset Hut, Stran-Steel represents an important advance in building construction methods. It is *uniform* in strength and quality, with none of the flaws, weak spots or physical variations that are encountered in ordinary framing materials. It combines the permanence and fire-safety of steel with the flexibility of available materials—for you nail to Stran-Steel. Look to Great Lakes Steel Corporation for better values in farm buildings when our wartime job is done.



MAIN BARN, LIVESTOCK BARN
AND POULTRY BUILDINGS



IMPLEMENT SHEDS AND
UTILITY BUILDINGS



GRAIN, HAY, BEDDING AND
GENERAL STORAGE BUILDINGS



GREAT LAKES STEEL CORPORATION

STRAN-STEEL DIVISION • 37TH FLOOR PENOBSCOT BUILDING • DETROIT 26

UNIT OF NATIONAL STEEL CORPORATION

News Around and About

Merchandising . . . Legislation . . . Better Farming

Farm Dollars—In and Out

After the last war boom, prices of what farmers had for sale went down much faster than did farm expenses. Now is a good time to remember that all too often people stress figures on the *cash income* of agriculture without reference to changes in farming costs.

In the farm business, as in every business, what is left after expenses is more important than the size of the gross "take."

Cash received by farmers last year from selling their crops and livestock, plus a little item of \$804 million of direct government subsidies, amounted to \$20,594 million. This is more than twice the \$9,109 million received in cash from all these sources just four years previously.

The totals shown by the chart are greater than these cash figures because they include the estimated value of all the milk, meat, vegetables, and so forth that farm families ate, plus the value of other products enjoyed

and the rental value of their homes. These swell the gross total farm income to \$10,965 million in 1940 and \$23,446 million in 1944. (All of these data are new estimates from the Bureau of Agricultural Economics.)

On the expense side, labor cost an even billion dollars in 1940, and had a little more than doubled by 1944. These figures include not only cash wages, but also the value of food and house rent where these are given free to workers.

The only listed expense that was less in 1944 than in 1940 was farm mortgage interest, which decreased from \$295 million to \$255 million. Taxes had only a slight increase.

A "catch-all" classification shown on the chart is "current operating expenses," which taken as a group almost doubled from 1940 to 1944. One of the expense items in this group is "feed purchased" which much more than doubled, rising from \$842 to \$2,078 million.

Net income increased at a much faster rate during these war years than did expenses or gross income. From

(CONTINUED ON PAGE 78)

TOTAL FARM INCOME AND EXPENSE

1940

FARMERS RECEIVED

CASH FROM CROPS
\$ 3,470,000,000

CASH FROM LIVESTOCK
\$ 4,873,000,000

FARM LIVING
VALUED AT
\$ 1,856,000,000

GOVERNMENT
PAYMENTS
\$ 766,000,000

FARMERS SPENT

LABOR
\$ 1,000,000,000

MAINTENANCE &
DEPRECIATION
\$ 1,095,000,000

TAXES
\$ 446,000,000

FARM MORTGAGE
INTEREST
\$ 295,000,000

RENT
\$ 363,000,000

OPERATING
EXPENSES
\$ 2,985,000,000

NET INCOME
\$ 4,685,000,000

1944

FARMERS RECEIVED

CASH FROM CROPS
\$ 8,604,000,000

CASH FROM LIVESTOCK
\$ 11,186,000,000

FARM LIVING
VALUED AT
\$ 2,852,000,000

GOVERNMENT
PAYMENTS
\$ 804,000,000

FARMERS SPENT

LABOR
\$ 2,094,000,000

MAINTENANCE &
DEPRECIATION
\$ 1,624,000,000

TAXES
\$ 460,000,000

FARM MORTGAGE
INTEREST
\$ 255,000,000

RENT
\$ 1,100,000,000

OPERATING
EXPENSES
\$ 5,250,000,000

NET INCOME
\$ 12,574,000,000

TOTALS INCLUDE GOVERNMENT PAYMENTS TO NON-FARM LANDLORDS
NOT INCLUDED IN FARMERS EXPENDITURES OR NET INCOME

Here's an opportunity to make sound loans



Retailers who plan now to modernize their stores are progressive merchants.

THERE'S a big backlog of profitable business for you among progressive retailers. Many of them have already worked out plans for modernizing their shops, inside and out. At least some of them will need money to carry out their plans.

Past experience has proved that the modernized store front of Pittsburgh Glass and Pittco Store Front Metal draws more customers into the store. Also the generous use of Pittsburgh Glass Products inside the store enables the merchant to dis-

play his wares more attractively, hence sales and profits are bound to increase. Pretty sound basis for a loan, isn't it?

In a powerful, consistent advertising campaign we are urging merchants to modernize their stores inside and out. In more than twenty important retail publications we are telling them the advantages of modernizing with Pittsburgh Glass and Pittco Store Front Metal and of the proven good records of "Pittsburgh" Products in years of actual service.

We have published interesting booklets of facts, figures and photographs about many actual stores that have been remodeled. They will certainly be of interest to you in preparation for discussing store modernization with retailers.

They may also indicate to you the advantage of modernizing store properties now being handled by your bank, to make better revenue-producers out of them. Send in the convenient coupon and free copies of the booklets will be sent to you.

"PITTSBURGH" stands for Quality Glass and Paint



PRODUCTS OF

Pittsburgh Plate Glass Company

FOR STORE FRONTS AND INTERIORS

Pittsburgh Plate Glass Company
2381-5 Grant Building, Pittsburgh 19, Pa.

Please send me, without obligation,
your illustrated booklets on store modernization.

Name: _____

Address: _____

City: _____ State: _____

News Around and About

(CONTINUED)

\$4,685 million in 1940, net income of farm operators rose to \$12,574 million last year. On the other hand, it appears unfortunately true that in a period of declining farm prices such as we may now be entering, farm costs go down less rapidly than gross income, causing a severe contraction of net income.

If farm production expenses, which were practically as great last year as gross income was four years earlier, should decline only 20 per cent by 1948 and if gross income should decrease 40 per cent, net income would drop from \$12,574 million to \$5,441 million—a shrinkage of 57 per cent!

What actually happened in 1920-21 and again in 1929-32 was much more drastic than this. In the latter period, net farm income fell off 68 per cent; that is from \$5,878 million to \$1,881 million, while production expenses decreased only 41 per cent.

The bank officer making a close study of the outlook for the crops or animals raised by his borrowers may find important differences from the national picture given above. In any case, he will keep in mind that what goes up usually comes down—and that farming costs may decline less readily than income.

—GEORGE Y. JARVIS

Agricultural Economist, A.B.A. Agricultural Commission



Farm Industry Department

The TRUST COMPANY OF GEORGIA has appointed W. Hill Hosch, long identified with agricultural organization and development in that state, as director of its farm-industry department. Representing the six banks of the group, Mr. Hosch will devote his time to setting up financial plans to promote farm development and to establish industrial plants with emphasis on agricultural enterprises, especially for the processing of foods and feeds.

Two of the Trust Company's banks already have special agricultural and loan departments: the First National Bank & Trust Company in Macon and the First National Bank, Rome.

"Those departments were set up to be used in the development of new and old agricultural crops and of processing and marketing facilities," said President Robert Strickland. Similar service will be added at the other banks of the group when conditions permit.

CCC Loans on Cotton

An average loan rate of 19.84 cents a pound for $\frac{7}{8}$ inch Middling cotton, gross weight, is offered on the 1945 crop by the Commodity Credit Corporation. This is 92½ per cent of the August parity price, and compares with an average loan rate of 20.03 cents last year on the same basis except that loans were at 95 per cent of parity.

A schedule of premiums and discounts for various



Mortgage Bankers Association farm mortgage seminar faculty. (Story on page 60 of August BANKING.) First row, STANDING, l. to r., Dr. E. L. Butz, seminar director; Dr. E. C. Young, dean, Purdue Graduate School and member, Advisory Council, A.B.A. Agricultural Commission; Dr. F. F. Hill, Cornell University, former FCA governor; T. M. Bushnell, Purdue; E. D. Schumacher, head of MBA's educational committee, Memphis; Dr. P. L. Gaddis, Farm Mortgage Department, Equitable Life Assurance Society; George H. Patterson, seminar registrar and secretary-treasurer, MBA; Dr. Karl Brandt, head of Leland Stanford's Food Research Institute and pre-Nazi commissioner of agriculture for Germany; Dr. E. L. Norton, University of Illinois; Henry Nystrom, vice-president, M. R. Waters & Sons, Minneapolis; and J. C. Bottum, Purdue

grades and staples is in effect. Actual loan rates also vary according to location, that for $1\frac{5}{16}$ inch Middling ranging from 21.63 cents per pound in the concentrated mill areas of the Carolinas to 20.42 cents in Arizona and California. Banks and other lending agencies will function much as in previous CCC loan programs, making the loans on approved forms and subject to the guarantee of the Corporation.

However, banks also are expected to make many direct loans on stored producer-owned cotton for a high percentage of the value thereof, without any CCC guaranty agreement other than the commitment to purchase the cotton from producers at a price roughly comparable to parity. This plan was described in these columns last month, and a bulletin has been sent by the Agricultural Commission of the A.B.A. to banks in all cotton states.

The August estimate of the Crop Reporting Board places this year's cotton crop at 10,134,000 bales, a drop of two million bales from 1944 production, with acreage the smallest in 60 years. The crop is generally late and there are numerous complaints of poor stands. Domestic consumption alone may be almost as great as the indicated production during the coming 12 months.

New Tobacco Loan and Purchase Program

Commodity Credit Corporation loans and purchases will be made to help market the 1945 crop of flue-cured, fire-cured, Burley, Maryland, dark air-cured, and cigar filler and binder tobacco.

Non-recourse loans will be made to "cooperating producers" at 90 per cent of parity as of the beginning of the marketing year, and at 54 per cent of parity to "non-cooperators" on tobacco produced in excess of their farm quotas. These loans will be offered through producer cooperatives in accordance with a definite

(CONTINUED ON PAGE 81)



*Almost every American
benefits every day
from the products of
BORG-WARNER*

MILLION-A-DAY PRODUCTION OF AMMUNITION LINKS as painted by James Sessions at the SPRING DIVISION in Bellwood, Illinois. This Borg-Warner plant revolutionized the making of Garand Rifle Clips and initiated several mass production processes for the manufacture of links for the 50 Caliber Machine Gun that plays a major role in America's air supremacy. In peace it is a leading maker of mechanical precision springs for automotive valves and clutches.

Peacetime makers of essential operating parts for the automotive, aviation, marine and farm implement industries, and of Norge home appliances.

When the last bullet is fired, industry's *know-how* will be devoted to building a better peacetime world.

Then, as in war, Borg-Warner will again provide important advances. For Borg-Warner makes not only complete products, but also essential parts for products of other industries. For example, Borg-Warner parts today are serving on 9 out of 10 farms, in 9 out of 10 airplanes, in 9 out of 10 makes of automobiles.

Also Norge appliances make the homes of millions more efficient, more livable. And these are just a few of the fields in which Borg-Warner products serve Americans daily.

From the beginning, the engineering and large-scale manufacturing of all B-W companies have been guided by the principle: "Design it better, make it better." And this ideal always is working to bring you ever better products at ever lower costs.



These units form Borg-Warner: BORG & BECK • BORG-WARNER INTERNATIONAL • BORG WARNER SERVICE PARTS • B-W SUPERCHARGERS, INC. • CALUMET STEEL • DETROIT GEAR • DETROIT VAPOR STOVE • INGERSOLL STEEL & DISC • LONG MANUFACTURING • MARBON • MARVEL-SCHEBLER CARBURETER • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • NORGE • NORGE MACHINE PRODUCTS • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR

ANEMOSTAT

...the "business-end" of air-conditioning

"NO AIR-CONDITIONING SYSTEM IS BETTER THAN ITS AIR DISTRIBUTION".

When large volumes of conditioned air are forced into a room, drafts occur—unless ANEMOSTATS are used. The patented ANEMOSTAT is an air-diffusing device without moving parts. It is easily installed on any air-conditioning, ventilating, or hot-air heating system. It assures draftless distribution of any volume of cooled or heated air at any velocity.

During the last 25 years more than 50,000 installations throughout the world have proven that efficient air-distribution is synonymous with ANEMOSTAT—the "business-end" of air-conditioning.

HERE IS HOW IT WORKS

The ANEMOSTAT diffuser creates a series of air currents flowing away from the device in planes or blankets at scientifically correct angles. In addition, the ANEMOSTAT creates a series of counter-currents of room-air which are siphoned into the diffuser and mixed with the incoming air streams. Thus, 35% of the room air is mixed with the in-

coming cooled or heated air before the latter is discharged into the room. This action is the only true "Aspiration"—and it is exclusive with ANEMOSTAT! No drafts!

This air-mixing action within the ANEMOSTAT establishes the required room-temperature at a point well above the breathing level—so no blasts of cold or hot air are encountered by occupants. Higher temperature differentials are thereby possible . . . resulting in smaller volumes of air requiring conditioning.

Higher air-velocities may be employed with ANEMOSTAT because of its draftless diffusion, so smaller ducts and simplification of duct layouts naturally follow. Yes, ANEMOSTAT is the "business-end" of air conditioning!



Write today for Bulletin which gives you full details. There's no obligation!

Veteran-ize your personnel!
Many discharged war veterans received valuable technical and specialized training. Always consider veterans when you employ. They did their share—now let's all do ours!

ANEMOSTAT

ANEMOSTAT CORPORATION OF AMERICA
10 East 39th Street, New York 16, N. Y.

BANKING

They're waiting for you...

News Around and About

(CONTINUED)

schedule of loan rates for the various government grades, plus specified amounts to cover handling and carrying costs.

Also CCC will purchase tobacco for export under lend-lease to fill military requirements of the United Kingdom and British Dominions and colonies, and for cash sale to the governments of these countries to meet their minimum civilian requirements.

The program is essentially the same as in 1944 when purchases for export under lend-lease were limited to British military uses, and the remainder of the exports (about two-thirds of the total) was sold to the British for cash.

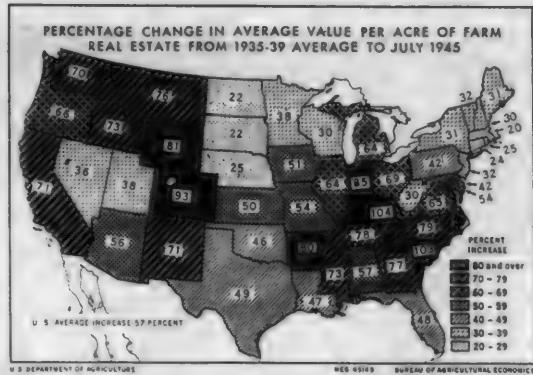
Surplus Hemp Mills For Sale

Of the 42 hemp mills built with Federal Government funds under the hemp production program of the Commodity Credit Corporation, 13 have been declared surplus and the RFC is ready to enter into negotiations for the sale or lease of these mills, according to an announcement of that agency. Three additional mills are in process of being declared surplus, while 21 are continuing on hemp processing, cleaning up the stock of fiber produced under the hemp program sponsored as a war measure by the Department of Agriculture after supplies of cordage materials were cut off by the Japanese in the Pacific.

Oats Loan Program

Loans that will average 48 cents per bushel nationally will be made on 1945-crop oats under a program of the Commodity Credit Corporation in which banks are expected to participate as with other grain loans. The oats crop is estimated to be the largest in 25 years, and the wheat crop at an all-time high. The movement of these two big crops to market comes at a time when the country's transportation system is already overbur-

Ten Florida 4-H Club boys were recently awarded \$100 scholarships to the University of Florida from funds provided by the Florida Bankers Association. Awards were presented by Thomas D. Roland, Newberry banker and formerly chairman of the association's agricultural committee. Secretary J. Carlisle Rogers addressed the group. The Florida Bankers Association has been awarding scholarships to 4-H boys for more than 25 years and during the past several years has provided five awards annually. Winners of the awards, *l. to r.*, Robert L. Williams, Floyd Luckey, Jr., Robert Gest, Harold L. Smith, Theron Simmons, Mr. Roland, Alton Simmons, David I. Foley, Eugene Simmons, Carlisle Byrd and Louis Edwards



dened. The loan programs enable producers to place oats in local or farm storage, thus holding it back from terminals, relieving the burden on railroads, and spreading marketing over a longer period.

The oats loans will be made only on No. 3 grade or better, and containing not more than 14½ per cent moisture. Loan rates range by counties from 40 to 60 cents per bushel. A deduction of seven cents per bushel will be made on warehoused oats under loan unless the producer has paid the storage charges through April 30, 1946. Loans will be made until December 31, 1945, and will mature on April 30, 1946, or earlier on demand.

Payments for Sugar Production

The Secretary of Agriculture has announced a considerably increased schedule of producer support payments on the 1946 crop of sugar beets and sugar cane. Under this program growers of sugar beets will be guaranteed a national average return, including sugar act payments, of not less than \$13.50 per ton of beets of the average quality of recent years, compared with \$12.50 this year.

The 1946 crop represents the earliest opportunity for increased production of beets and cane, the announcement stated. The quantity of sugar that will be produced from 1945-crop sugar beets now depends largely on the weather. Harvesting of sugar cane is nearly completed.

The Department of Agriculture will give "special emphasis and help in securing sufficient labor, fertilizer, and machinery for sugar beet and sugar cane producers" next year, according to the Secretary.

Sugar beet processors this year are being offered payments of up to 30½ cents per 100 pounds of refined sugar to help offset the increase in production costs since 1941. Sugar cane processors are promised 15 cents per 100 pounds of raw sugar.

Difficulties for California Grapes

With an above normal grape crop in prospect, California growers have received government warning that growing transportation difficulties may require them to process as much of their grapes as possible this year instead of depending on eastern markets.

The U. S. Department of Agriculture is committed to purchase from producers all of the raisins produced in 1945 which cannot be sold to packers at prices equal to the announced support prices, but has issued a statement to the effect that a war food order may become necessary that would prohibit interstate shipment of all California grapes except table grapes.

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THE POST-WAR HOUSE

MILES L. COLEAN

MR. COLEAN, an authority on housing, takes a look at the crystal ball and offers some conservative forecasts on the post-war dwelling—its appearance, structure, mechanical elements, etc.

WHEN BANKING held its annual roundtable with the producers of materials and equipment last February, the talk was of a future that all knew was beyond immediate grasp. A double war was still going at full fury and even the hardiest prophets had stopped prophesying. The post-war house was an unreality and, like most creatures of the air, was surrounded with wonder and mystery.

Seven months later, the veil was being gradually lifted. With the prospect of a substantial resumption of construction by Spring, we can begin to talk of the post-war house with greater certainty. But since it is yet by no means fully a reality, the prospect continues to involve a good deal of speculation.

Taking first those things that seem clearest—appearance and structure—we may make some fairly safe forecasts. Recent consumer opinion surveys indicate that the strongest preferences are still for houses with a traditional look. Modifications are apparently acceptable if the jump from the familiar is not too far. Thus a formal balance of design is apparently not considered essential, style preferences have lost their definiteness and rigidity, but the sloping roof (except in parts of the country where the flat roof itself is traditional) is favored.

THERE is a trend to a departure from the traditional window. Rather generally throughout the country desire exists for more glass and consequently for unbroken openings unknown to the original Georgian or Cape Codder. This trend accompanies a basic plan rearrangement in which the backyard becomes a garden or an out-of-door living space toward which the principal rooms face. The trend seems certain to be intensified by the growing recognition that in many localities the sun can serve as a supplementary heating device and by the development of economical double glazing which prevents the excessive heat loss otherwise attending the large openings.

Aside from plywood, there seems at the moment to be no serious immediate challenger of the old materials as an exterior surface. The war has accelerated the improvement of plywood and particularly of the adhesives used in its manufacture, and especially in small, inexpensive houses it should quickly take an important

part. No marked change in the appearance of the house, however, would necessarily result from its use. For medium and higher price houses, the current and prospective narrowed gap between lumber and hard material prices should result in an increased proportion of masonry houses.

The great step taken by the brick industry in reducing the number of and standardizing brick sizes and relating them to a standard dimension, or module, capable of application throughout the structure should not only help to maintain the position of brick but should influence the whole broad field of materials manufacture. Improvements in the science of making concrete—increasing its hardness, waterproofness, and strength—should tend to expand the use of that material in residential work.

The basic structure of the house during the next few years is not likely to show any more drastic change than its appearance. If lumber prices remain at or near their present unbalanced relationship with other materials, a considerable use of light steel framing members is likely, and, once entrenched in popular acceptance, their relative importance may be maintained. Several of the steel companies, alert to this favorable situation, have developed new or modified products. But here we have more a change in emphasis than in basic concepts, for the new products usually readily fit into the traditional construction picture.

Change in the structure, however, will not stop with this. The great advance in welding promises a wider use of factory-built steel framing panels as an alternate to the use of single members assembled at the site. Already

The Pre-War House

The best pre-war house will still be a good post-war house and so far in advance of the generality of houses as to be able to hold its own in the market for a long time. Many of the innovations are or will be adaptable to it, and such more fundamental changes as may come cannot make their impress rapidly and broadly enough to do anything much more revolutionary than to stimulate a larger and more active housing market and to create a more healthy awareness of the factor of gradual but certain depreciation.

several types of these are being advertised and more will come. The continued need to economize lumber and (against the competition of other materials) to overcome some of its natural defects (swelling, shrinking, warping) will promote further progress in the war-inspired development of laminated wood for beams, trusses, and other structural parts. New processes for fire proofing, stabilizing and strengthening wood, may gradually bring about further modifications in traditional methods of utilizing lumber.

The list of improvements to familiar materials is an impressive one. Plywood has already been mentioned, and, along with other types of wallboard, will likely make serious inroads on plaster in the interior of the house. The newer plastic adhesives, which permit the bonding of such diverse materials as metal and glass, glass and wood, wood and metal, open possibilities not only for a variety of wall finish but for structural and enclosing features as well. The field of plastics generally is one of both possibility and mystery. Aside from use as adhesives, they will appear in paint, in sheets for wall covering, counter tops, lighting fixtures, hardware, and other miscellaneous uses. But it will probably be some time before plastic materials produce anything revolutionary either in the appearance or structure of the house.

Prefabrication, in the strict sense of a complete house, factory-produced in the form of panels or sectional units, does not promise to be a spectacular feature of the next few years, although the resumption of such production on a larger than pre-war scale may be anticipated. But prefabrication, in the sense of a shift of a greater part of house manufacture from the site to the shop, will preclude the whole building process.

Not only will manufacturers offer larger building units in the form of wall and floor frames, trusses, panels, window and door assemblies, cabinets and cabinet-

The Schenectady (New York) Savings Bank reports that this sign, placed on some 70 lots in its area, has helped sell for the owners numerous pieces of property, and has enabled it to get "mortgage loans and a number of applications for building construction loans."



partition combinations, but builders themselves are certain to increase the proportion of the work done apart from the structure under erection. Builders, who have survived war's hard school, have found that only through such means as precutting of structural members, panel assembly, prefitting of doors and windows, off-site fitting of plumbing stacks could they combat labor shortages and decreasing skill and efficiency. The same means offer the most effective instruments at hand for meeting the mass of the post-war demand.

The mechanical elements of the house will continue their pre-war advances with possibly several new features thrown in. Improved ranges, refrigerators (including the deep freezer), and dishwashers will be available. Laundry equipment of greater compactness and completeness of operation will be offered. Various combinations of these items will undoubtedly be offered in the form of "complete" kitchen units. As pointed out in an earlier article, there will be great pressure to finance such equipment under the same mortgage that finances the house purchase.

PLUMBING fixtures are no doubt in for some redesigning both to increase the convenience of their use and to increase the amount of bathroom storage space. But in heating equipment will probably come the most far-reaching change. Among the most talked of innovations is radiant heating. Actually, it is no innovation at all, since its practicability has already been well established. But it is new as a possible standard method of residential heating. Commonly this heating method embodies the installation of hot water coils in floors, walls, or ceilings. With coils placed in the first floor, the basementless house, erected upon a concrete slab becomes a practicability. Radiant heat may also be provided by hot air circulated through a closed duct system.

Progress is being made in summer air-conditioning, by means of room units and central units sometimes in connection with the central heating system; but the adoption of this amenity is not likely to be wide except in higher priced dwellings.

The use of electric current will be greatly increased with the greater use of electric equipment and appliances. It is estimated that, of today's houses that are electrically wired, over 90 per cent are inadequately wired. Especial caution should be taken by mortgagees, therefore, to make sure that this source of dissatisfaction is minimized. Lighting equipment has improved, sun lamps will be available for ordinary sockets, and fluorescent lighting should gain increased acceptance.

Beyond this, speculation becomes soothsaying. Many other products, such as synthetic wall and partition materials, are in the experimental stage. Certainly we may look forward to more continuous, more rapid, more comprehensive and balanced progress in the house than we have ever seen. The first evidences of the evolution will be less conventionality and less formality in appearance, a greater partnership with the sun, and with the out-of-doors, less weight in the structure, more open and more flexible planning. These primary trends, however, were all evident before the war and their development has been retarded rather than hastened by the war's interruption.



Harvest Time

There is a time of planting and a time of harvest.

Now, in this autumnal season, we can see about us the full harvest—so important in the winning of victory. These crops, so carefully planted, were harvested only after they had reached their full maturity.

This planting and harvesting process can be, indeed should be, applied to the purchase and holding of Victory Bonds.

Most Americans have invested their funds in U. S. Government Bonds, earmarking that money for a definite future purpose. To cash them prematurely, is

to defeat the objectives for which they were purchased.

When these bonds are cashed to make unnecessary purchases of goods under present conditions, the purchaser gets less for his money and dissipates funds intended for specific uses.

Next time you think of cashing in your bonds—think of the day when you will get your money's worth and *more*. Hold them and remember why you bought them.

★ **THE HOME** ★
Insurance Company
NEW YORK
FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

NEWS ABOUT BUILDING

Building Market

A SURVEY of the post-war home building market conducted by the Curtis Publishing Company disclosed that the most popular mortgage is one that matures in 10 to 14 years. Of the families interviewed in 35 states and 118 urban centers, 37.9 per cent expressed a preference for a mortgage maturity in that range. The average of monthly amortization payments preferred was \$46.

The survey showed that the West had the highest probable ownership ratio, although in terms of actual housing units the largest number of prospective home owners was in the Northeastern and North Central regions. The median estimated price was \$5,943. More than 90 per cent of the prospects want a single family, detached dwelling. Colonial or early American architecture was first choice of the largest percentage.

More than 75 per cent have set aside funds for a home. About 11 per cent expect to pay the entire cost with their own money, but almost 50 per cent will use a mortgage. More than 90 per cent of that group prefer an amortized mortgage.

Insurance for Home Owners

A new service providing greater security for families paying for their homes on the instalment plan, is now available at the Anglo California National Bank, of San Francisco.

The plan, known as the "Insurance-Protected Home Loan Budget Plan," protects the home not only with the customary fire and other hazard insurance but also with insurance on the owner's life equal to the amount of the indebtedness, and with accident and health insurance as well. The borrower takes out all the insurance through his own agent or broker, and arranges to pay the premiums through the bank on a monthly instalment basis.

In addition, this packaged plan includes real estate taxes, so that the amount of the taxes and the cost of all insurance as well as the amounts due for principal and interest on the mortgage are all covered by one payment each month to the bank.

FHA

More than 5,000,000 property owners have been enabled to make improvements, repairs, and alterations costing almost \$2 billion under the Federal Housing Administration program, Commissioner Raymond M. Foley announced recently. The number of these loans, made by private financial institutions and insured under Title I of the National Housing Act, increased almost 26 per cent during the first half of 1945 over the same period in 1944 and the dollar volume was up more than 43 per cent.

Mr. Foley said that Title I should prove of great value as the building industry goes through the transition

period from war to peace. "There is a great backlog of needed repairs and improvements which had to be deferred because of necessary wartime restrictions. As soon as these can be undertaken it will create a large number of jobs and the FHA is prepared to extend its aid to property owners and financing institutions in undertaking the task of rehabilitating the nation's housing supply."

In the first 12 months after all wartime restrictions can be removed property improvements and repairs, it has been estimated, probably will amount to about \$3 billion, the FHA announcement said.

FHA has sufficient authorization from Congress under Title I to insure a financing volume of about \$1 billion, Mr. Foley asserted.

Housing Legislation

Housing legislation to stimulate the post-war construction of 1,200,000 dwelling units a year was introduced into the Senate just before it recessed by Senators Wagner of New York and Ellender of Louisiana. Federal subsidies of \$133,000,000 a year, provided by the bill, would be expected to generate an expenditure of as much as \$7 billion a year in public and private funds by the end of the fourth year after the war.

The bill's chief objective is to provide a national policy and a financial stimulus to encourage progressive municipalities and private enterprise to construct more millions of new dwelling units a year with a minimum of Federal interference.

Four major types of housing development are contemplated by the bill: (1) Clearance and redevelopment of city slum areas for middle and upper income groups, Federal aid being used to write down excessive land costs and local interests doing the rest; (2) construction of rental housing for lower-income groups with funds of insurance companies and other institutions which otherwise would go into government bonds; (3) Federal contributions for low-rent public housing which would be non-competitive with private enterprise; (4) loans and contributions for rural housing.

Provisions for a program of technical research designed to produce better housing at lower costs, and for the sale of permanent war housing built by the Federal Government, with preference for war veterans, are included in the proposed legislation.

Savers' Clubs

These organizations, now numerous throughout the country, seem to be thriving. The Dime Savings Bank of Brooklyn, for example, reports that more than 53,000 people have visited its home buyers' exhibit which is conducted in connection with the bank's services for prospective owners. By early August nearly 1,300 persons had deposited nearly \$1,000,000 as down payments for use when purchase time arrives.

BANKING NEWS

Association Council Will Name New Officers

Selectman on Leave in Red Cross Post Abroad

A.B.A. Secretary Is Aide to F. A. Carroll in Europe

Merle E. Selectman, deputy manager and secretary of the American Bankers Association, has joined the staff of the American Red Cross as a special assistant to Frederick A. Carroll of Boston, Red Cross Commissioner for Great Britain and Western Europe. Mr. Selectman left early in August for his duties abroad.

Mr. Carroll, who is vice-president of the National Shawmut Bank of Boston, is on leave of absence from his bank. Mr. Selectman was granted a leave of absence by the Association.

Mr. Selectman has been with the American Bankers Association for the past 18 years. In addition to his work as secretary of the Association he is deputy manager in charge of its Trust Division and director of its Public Relations Council.

Post-War Credit Needs of Truckers Discussed

At a recent meeting in New York between representatives of the American Truckers Association, Inc., and the Consumer Credit Committee of the American Bankers Association discussions centered around how the banks could assist truck carriers in financing their post-war needs. It was revealed that this group will require credit amounting to approximately \$600 million within the next two years.

A manual is being prepared by the Consumer Credit Committee in which the truckmen's needs will be presented together with suggestions on how the banks can assist them in their financing problems. The manual material is now being studied by members of the Committee.



Mr. Selectman

Safe Deposit Code Is Proposed for Banks

A preliminary draft of a model safe deposit code prepared by the New York State Safe Deposit Association, has been forwarded by Thomas B. Paton, secretary of the American Bankers Association's Committee on State Legislation, to members of the Association's State Legislative Council, State Legislative Committee and to state bankers association secretaries for comment and criticism.

This preliminary draft of the safe deposit code was prepared, according to Mr. Paton, at the request of the American Bankers Association as a part of its program to develop a model state banking code.

(Continued on page 88)

Election This Year Will Be by Mail Ballot Under Emergency Provisions of Constitution

Although the American Bankers Association will not be able to hold a 1945 convention because of the hotel and transportation situation, the election of officers will be carried out on behalf of the membership by the Association's Executive Council under the emergency provisions of the A.B.A. constitution. These emergency powers provide for the election of officers by the Council in the absence of a convention, omitted by reason of a war or other emergency.

A.B.A. Issues Booklet on Construction Loans

The problems and possibilities of construction loans by banks are explored in a new 50-page booklet entitled "Mortgage Loan Advances During Construction," prepared by the American Bankers Association Department of Research in Real Estate and Mortgage Finance.

Included are suggestions for procedure in making these loans and a resume of the procedure and forms used by three banks with considerable experience in this field.

The booklet is designed to be helpful to banks regardless of size or activity, and is available to all association member banks on request.

It is expected to be ready for distribution early in September.

Special Procedure

Under the procedure adopted by the Administrative Committee, the Nominating Committee will nominate candidates for the offices of president and vice-president and submit the nominations to the executive manager. These nominations will then be placed on a ballot and sent to the members of the Council, who will return them to the secretary of the Association. They will then be counted by the secretary, the assistant to the executive manager and the comptroller, acting as inspectors of election, and the results will be ratified by the Administrative Committee at its meeting in New York on Sept. 27-28.

Treasurer's Election by Mail

Under the provisions of the constitution the treasurer is always elected by the executive council. The election of this officer by the Council will also be by mail ballot.

The emergency provisions of the constitution were adopted at the convention in New York in 1943 as a result of the cancellation of the convention planned for Detroit in 1942,

(Continued on page 88)

Association Gets 12 New Members

Twelve banks were added to the rolls of the American Bankers Association as new members during July as a result of activities of the Association's Organization Committee.

Colorado, Louisiana, and Washington got new members and thus maintained their position among the 18 states with 100 per cent membership.

The new member banks for July include: Colorado, Englewood Industrial Bank; Illinois, First State Bank of Forest Park, National Bank of North Chicago; Kansas, First State Bank, McFarland; Louisiana, Pioneer Industrial Bank, Shreveport; Michigan, Gladwin County Bank, Beaverton; Ohio, First National Bank, Kingston; South Carolina, Fort Mill Depository; Tennessee, Park National Bank (Broadway Branch), Knoxville; Texas, Citizens Industrial Bank, San Antonio; Virginia, Bank of Virginia Beach; Washington, First National Bank of Renton.

Home Mortgage Service Manual in Preparation

Savings Division Aims at Improving Methods

Plans for another step in the American Bankers Association's program for helping banks to improve their mortgage management technique were made public by Harry R. Templeton, president of the Savings Division, who stated that the Division's Committee on Real Estate Mortgages has begun preparation of a home mortgage service manual aimed at the improvement of methods for servicing home mortgages.

Mr. Templeton, vice-president in charge of the savings real estate department of the Cleveland Trust Company, sounded a warning in regard to the present inflated real estate market.

"Banks must adjust their lending policies to the rise in the market," he said, "and must be realistic in making appraisals in the light of current prices." He pointed out that the present period of prosperity is a good time to get out of debt, urged that home owners take advantage of the opportunity by paying down their mortgage obligations and that home buyers make larger down payments on the homes they purchase now.

Two years ago, the Committee, in collaboration with the A.B.A. Department of Research in Mortgage and Real Estate Finance, published a home mortgage loan manual to inform banks with respect to modern mortgage loan practice and to promote scientific mortgage lending.

The Committee now proposes to produce a manual which would promote better methods for servicing home mortgage loans after they have been made. Study of the procedures employed by banks in the servicing of mortgages is now being undertaken and forms used by banks are being collected with the object of assembling the best thought and practice.

The new manual will cover such departments as accounting records, collection processes, protection of collateral from deterioration and better methods to prevent defaults.

Active in A.B.A. Membership Work



Paul A. Warner, A.B.A. vice-president for Ohio, enrolled more than 60 new members during the past year. He is executive vice-president of Knox County Savings Bank, Mt. Vernon, O.



DeWitt T. Ray, president of the Liberty State Bank, Dallas, is A.B.A. regional vice-president in charge of Texas, New Mexico and Arizona. All are 100 per cent in Association membership, or close to that mark



C. A. Riebling, vice-president of the Equitable Trust Company, Baltimore, and A.B.A. state vice-president, brought Maryland up to 100 per cent membership for the first time

Association Council to Name New Officers

(Continued from page 87)

which was canceled in deference to the transportation situation and government request at that time. Until 1942, the Association had never been confronted with an emergency requiring the omission of its convention.

Constitution Amended

So in 1943 the constitution was amended to provide for the election of officers by the Executive Council, in the absence of a general convention omitted by reason of a state of war or other emergency, at a special meeting of the Council vested with the powers of a convention. The amendments also provided for the election of officers of the four divisions and the State Association Section by the members of the executive committees of those divisions and by the board of control of the State Association Section. In addition, it authorized these division and section elections by mail ballot.

The emergency election machinery was thus established. It was not then contemplated that the time would come when the travel restrictions would be such that the A.B.A. Executive Council could not meet or the state bankers associations could not convene.

Since national conditions precluded a meeting of the size of the Executive Council this year, the A.B.A. Administrative Committee has implemented the Council with the procedure prescribed for an election by mail ballot in order

to carry out the spirit of the Association's constitution.

The election of officers of the four divisions' executive committees and the State Association Section will proceed by mail vote as provided in the emergency provisions.

The A.B.A. Nominating Committee has already been elected by A.B.A. members in the several states. Under normal procedure, A.B.A. members in each state elect a member and an alternate member of the Nominating Committee, members of the Executive Council and a "state vice-president" of each division at a meeting of A.B.A. members held during the convention of the state bankers association. Since state conventions could not be held this year, except in a few cases, the A.B.A. Administrative Committee adopted an arrangement last Spring whereby these elections to the Nominating Committee, Executive Council and divisions could be accomplished.

Election Provisions

These are as follows:

1. Where a state association is holding a meeting of its governing group, such as its Executive Council, Executive Committee or Administrative Committee, the A.B.A. vice-president in that state shall call a meeting of the members of the A.B.A. attending the state meeting, to be held at the same time for electing members to the A.B.A. Executive Council and to its Nominating Com-

mittee, and also to elect a state vice-president for each of the A.B.A. divisions. It is suggested that, in order to cut the number of persons required to attend the meeting, an A.B.A. Executive Council member be elected a member of the Nominating Committee.

2. If no meeting of the Executive Council or Administrative Committee of the state bankers association is held, but the state association elects its officers by mail ballot, the executive councilmen, state vice-presidents of divisions and member of the Nominating Committee of the A.B.A. and alternate shall likewise be elected by mail ballot.

3. In all other cases the incumbent executive councilmen whose terms would expire with the 1945 convention shall continue in office until December 31, 1945, and their successors shall be appointed by the A.B.A. state vice-president. The incumbent member of the Nominating Committee or alternate member shall act at the next meeting of the Executive Council held in lieu of a convention, and the vice-presidents of the divisions shall be appointed by the presidents of the divisions. This conforms to the procedure prescribed in the constitution for filling vacancies occurring under ordinary conditions.

A.B.A. members in most states have acted under either No. 1 or No. 2 of these procedures, the majority under No. 1.

An OPPORTUNITY for BANKS in home improvement financing



Banks have an excellent opportunity this fall for expansion of short-term financing of home improvements as a result of the national fuel-saving program.

Spurred by government warnings of a fuel shortage, a concerted effort is being made to take steps toward fuel conservation before winter arrives. Homeowners, through publicity and advertising channels, are being urged to winterize their homes.

Preventative measures advised, include making the heating system more efficient and installing adequate insulation.

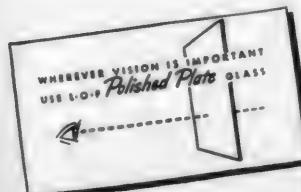
Storm Sash Save Fuel ... as much as 30%!

An important part of the recommendation to homeowners is the use of storm sash. In most of the United States, the heat savings with storm sash are sufficient to pay for the investment in a few winters.

These are savings that the buyer can apply to repayment of the loan. And storm sash increase value of property for resale.

Under FHA Title 1, loans may be made for the purpose of insulating homes with storm sash.

Libbey-Owens-Ford Glass Company does not make storm sash—only the glass which many sash manufacturers use. But we are backing this fuel conservation program by advertising in October and November issues of national magazines and by providing dealers with helpful promotional material. We hope that banks will assist by offering to homeowners financial assistance in preparing their homes for fuel conservation this winter. Libbey-Owens-Ford Glass Company, 1795 Nicholas Bldg., Toledo 3, O.



METHODS and IDEAS

JOHN J. McCANN

Meet Christopher Mott

CHRIS—as he is more affectionately known to fellow-Cincinnatians, is a rather unique sort of a guy. He's fat and fifty-ish; breadwinner to a slightly hysterical family, whose antics are often the talk of the town. Congenial, sincere, emotional, he's always consistent in his bumbling character, and chock full of surprises. Withal, he's pretty genuine and an entirely believable common man although, in truth, he is no more than a splash of printer's ink in a cartoon strip series of bank advertisements.

Chris' sponsor, the FIFTH-THIRD UNION TRUST COMPANY, rates him as star salesman, for his escapades in the local press sells War Bonds, personal checks, safe deposit boxes and other services, even to the renting of office building space. The Mott family of Cincinnati is so well known that occasionally they appear in various media without the bank's identifying signature cut. They have become such solid local citizens that negotiations are now underway to list Chris in the telephone book (with the bank's number, of course).

Aside from the sales record, the Motts have another claim to distinction, advertising-wise. As far as we know, they are the first "strip family" carried along long enough to produce progeny right under the readers' noses. In a strip dated June 20, 1944, daughter Mary-

belle married a Navy lieutenant. The most recent strip portrays Chris in the ecstasy of grandparenthood.

Modernization Prospects

The other day THE NATIONAL CITY BANK of Cleveland made a test mailing to a select group of mortgagors "feeling" out their immediate and future plans for repairs and improvements. The mailing piece was a simple business reply card enclosure which provided a check list of various types of improvement work—carpentry, electrical, plumbing, roofing, etc., with space for indicating whether the jobs were to be done now or later, and if the customer was interested in financing the project. Some 69 cards were returned, all indicating interest principally in painting and decorating. Each returned card was followed up with a phone call from the consumer credit department, and arrangements were made to service each individual case in the usual manner. The bank considers the success of this little test well worth expanding.

Pension Plans Analyzed

A comprehensive analysis of 106 retirement plans adopted by important employers in varied fields between January 1944 and May 1945, covering a total 232,319 workers, has just been issued in booklet form by the pension division of the BANKERS TRUST COMPANY, New York City.

Indicating the trend of current think-

ing on employee benefit programs and suggesting the steady growth in number of such plans, the review presents in tabular form, for convenience in comparison, such salient facts as: Type or kind of business, conditions of eligibility, number of employees originally eligible, contributions, conditions for participation prior to normal retirement, method of refunding, and average annual retirement compensation.

It is interesting to note that 65 of the plans cover all employees, and 17 are restricted to salaried workers only; while seven are restricted to employees earning in excess of \$3,000 regardless of status, and 17 affect only salaried workers in the same wage bracket. The lowest average pension payable under the plans after 30 years of future service expressed as a percentage of average annual compensation before retirement is 40 per cent in the \$1,200 bracket and about 30 per cent for the \$3,000 and up brackets. These percentages include primary social security benefits which provide 32.5, 20.8, 12.5 and 4.2 per cent respectively in the \$1,200, \$3,000, \$5,000 and \$15,000 brackets. The highest retirement compensation in the same brackets is 77.5, 65.8, 57.5 and 58.2 per cent of annual pre-retirement salary.

It is particularly significant to banks interested in this operation that of the total number studied, 55 programs covering 153,956 employees are self-ad-

(CONTINUED ON PAGE 92)

Victory Loan

Francis M. Knight, vice-president of the Continental Illinois National Bank & Trust Company of Chicago, has accepted the chairmanship of the A.B.A. Committee on War Bond Drives, succeeding Tom K. Smith of St. Louis who resigned after heading the committee in recent drives.

Here is a luncheon group where Mr. Knight conferred on preliminaries for the Victory Loan with A.B.A. Vice-president Frank Rathje and others concerned with the Victory Loan program.

Seated around the table, from left to right, are Messrs. Drew, Hausman, Mangan, Hall, Naber, Kuhns, Sihler, Knight, Sherer, Rathje, Henkle, Dunkhill, Spaulding, Edens and Boyles.





Standard 4' x 8' Panels of Douglas Fir Plywood create these Attractive Library Walls

Another of the many wall design treatments possible with durable Douglas fir plywood is illustrated in the drawing above—an attractive, modern library. In this treatment, panels are placed vertically.

In working out such a plywood wall treatment, always start at the openings with vertical joints and divide the plain wall spaces in an orderly pattern, as in detail A and C at the right. Vertical joints should be used at each side of top and bottom of windows and at top of door openings, as in A, B, C, D and G. If the width of the door or window opening is more than four feet, however, do not hesitate to

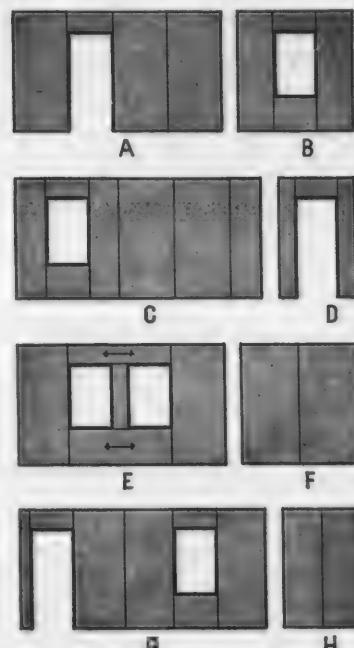
place panels horizontally as in E—for combinations may be used in the same room with pleasing effect.

Nine and ten foot lengths are available to assist in solving special problems, and many unusual patterns may be created by utilizing small panels. In such cases, sheathe with 5/16" or 3/8" Plyscord placed horizontally and apply the finish panels as desired.



There are three grades of Douglas fir plywood panels made especially for various phases of wall construction. PLYWALL is made especially for standard wallboard use; PLYPANEL is a premium panel used for quality interior work; PLYSCORD is a utility panel made for wall and roof sheathing.

Vertical Treatment of Panels For an Attractive Wall Design



CAN PLYWOOD BE SPECIFIED NOW FOR POSTWAR USES?

The increased capacity of the industry will make MORE Douglas fir plywood available for civilian consumption THAN EVER BEFORE, as soon as the needs of the armed services lessen or war restrictions are lifted. There will be no reconversion delays; the same types and grades of Douglas fir plywood that are now being made can flow immediately into peace-time building and construction.

DOUGLAS FIR PLYWOOD ASSOCIATION
Tacoma 2, Washington

METHODS—Continued

Said the Office Manager to the Treasurer:

War regulations taught us to save time and money with paper they made us use.

Said the Treasurer to the Office Manager:

These wartime letter and record papers do the job better because of their cotton content.

ministered or trustee plans, funded through a pension trust; 45 covering 59,585 employees are insured plans under group annuity contracts or individual policies; four are a combination of trustee and insured plans, and two are not funded.

Consumer Credit

Many a consumer goods manufacturer views with satisfaction the evidence that banks, too, are girding themselves for the approaching selling fray with streamlined services aimed at meeting every credit need.

While the shelves are still barren and the experts wrestle with reconversion, distribution and pricing, it is reassuring to note that for the most part the groundwork of consumer credit activities has already been laid over the country. Most banks have working arrangements with local dealer organizations and have their direct financing programs well publicized. A quick glance at the clippings tells the story. For instance, there are the new Centrust Purchase Plan of the CENTRAL TRUST COMPANY, Cincinnati, featuring registered dealers; the "Instaloans" of the NATIONAL BANK OF DETROIT; the Bank Finance Plan for dealers offered on a statewide basis by the SEATTLE FIRST NATIONAL BANK, Seattle, Washington; "Time-plan" of the BANK OF AMERICA, and many others styled to local requirements. The small bank at the country crossroads is as aggressive for consumer credit business as the big city cousins; the only difference is in scope of operation. The whole system weaves a pattern of national service which any concern looking at national markets can appreciate.

Reserve Account Checks

The FARMERS & CITIZENS BANK, Lancaster, Ohio, introduces a "reserve account" checkbook. The first page carries a list of "contingencies" such as insurance, taxes, etc., against which reserves should be set up, with space for monthly allotments and instructions "how to reserve" on the duplex stubs. In line with approved corporation accounting practice a running reserve balance is thus segregated in the checkbook for the depositor's convenience, though no distinction is made in the bank's own record. Deposits are entered by the bank in special stub space, eliminating passbooks. It is reported that this innovation has been very favorably received.

(CONTINUED ON PAGE 95)



A paper made from new cotton fibers lasts longer and wears better than ordinary paper. In letterheads, the cotton fiber permits more erasing and tells customers that yours is a *quality* organization. For keeping records, these papers are better because they stand more use and abuse, and

they last longer . . . So when war restrictions go, preserve this wartime gain. Get the fact and feel of quality by insisting on cotton fiber papers. To get the finest in the cotton fiber field, specify PARSONS, which specializes in stationery and record-keeping papers for modern business.



PARSONS PAPER COMPANY • HOLYOKE, MASSACHUSETTS

Every queue your "CUE" to Extra Profits



1945 will long be remembered as the year when millions of people stood in line—when the shortage of time was as acute as the shortage of commodities.

Never in the history of America has there been such a vast potential market for a time-saving, low-cost checking account. Never have the reasons for paying bills by check been so many and so obvious.

The introduction of "No-Minimum-Balance Checking Accounts" can increase your present earnings and establish valuable contacts for other bank services—consumer credit, for instance—now and in

the post-war days ahead:

The Todd Company has developed No-Minimum-Balance Checking Account Services that are *bank-tested* and *custom-tailored* to your bank's individual needs. We will help you install a profitable plan that has proved its workability in localities like yours. And we supply promotional ideas to help you build volume and increase profits.

Send for the free booklet "No-Minimum-Balance Checking Accounts" which presents in condensed form results of our research in the field. It will help you explore new profit possibilities.



THE TODD COMPANY, INC., ROCHESTER 3, N.Y.

Please send me your booklet on No-Minimum-Balance Accounts, with suggestions for analyzing our own situation. Without cost or obligation, of course.

NAME _____ TITLE _____

BANK NAME _____

ADDRESS _____

CITY _____ STATE _____

B-9-45

SIMPLY LOAD EXPOSED MICROFILM HERE...

AND IT COMES OUT HERE READY TO USE



HOUSTON MODEL 11

FILM PROCESSOR REQUIRES ONLY A

Push of a Switch

- Microfilming has provided banks and other financial institutions with the most permanent and complete protection of any accounting system yet devised.

The Houston Model 11 Film Processor complements microfilming and increases the safety factor for users by

providing automatic developing *on the premises*. Simply load and push a switch. That's all there is to it. The average clerk can do the job.

The Houston Model 11 also develops 16 mm motion picture and sound film. It requires no extra equipment, occupies no more space than a desk and is scientifically engineered and ruggedly built.

Literature and prices on request. Write today.



THE HOUSTON CORPORATION
11801 W. OLYMPIC BLVD. LOS ANGELES 25, CALIF.

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Spectacular

The BANK FOR SAVINGS, New York's oldest mutual institution, has pioneered a revolutionary form of outdoor advertising art—an illuminated three-dimensional diorama display in full color. The unit 25 feet wide and 15 feet high has been installed in the bank's exterior balcony overlooking Fourth Avenue and Twenty-second Street. It has what the technicians call foreshortened curvilinear perspective, meaning the impression of great depth and no distortion when viewed from any angle.



Here's some statistics: Six sculptors worked on the unit, using some 12 tons of clay. The figures, approximately four times life size, weigh about 1,000 pounds each. The foliage and landscaping in the foreground is natural, but specially treated for permanence and weather resistance. At night the display becomes a real "stopper" with its use of cold cathode rays, neon flashers and incandescent bulbs. It was installed primarily to reach what the bank calls its "first market"—the man-in-the-street.

Packaged Savings

A new savings plan, combining War Savings Bonds, cash in the bank, and savings bank life insurance, all for one small deposit a week, has just been launched by the BOWERY SAVINGS BANK, New York City, under the title "packaged saving." It is a flexible plan which sets specific goals, and is operated much like a club savings account. The saver elects to deposit a regular sum weekly, which is automatically allocated to the three forms of thrift to his credit in a single deposit transaction.

The bank has worked out scores of individualized programs for packaged savers. For example, \$3 a week for 10

FOCAL POINT

for Co-ordinated Regional
Service



Wisconsin's Bank for Banks

This outstanding bank—established in 1853—serves as Milwaukee depository for over 85 per cent of all the banks in Wisconsin!

With unparalleled correspondent "coverage" of Wisconsin, the First Wisconsin National bank of Milwaukee is not only "the point of prompt collection" for Wisconsin checks and drafts, but also the focal point for unique Co-ordinated Regional Service keyed to the present and postwar needs of national corporations operating branches, sales divisions, distributorships, retail outlets or other units in this area. Bankers as well as business executives are invited to write for further information.

FIRST WISCONSIN NATIONAL BANK

of Milwaukee

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION





Federal Reserve Bank, Utah

Office problem: Paper work volume increasing but errors increasing, too! Management question—how can work be handled with fewer errors?

Indicated solution: Better lighting . . . but . . .

Limitations: Rewiring difficult or impossible because of reinforced concrete ceilings. Outlets inadequate in number. Heavy beams that complicate structural changes.

How it was solved: Wakefield was asked to make recommendations for better lighting. You see the result above. Continuous rows of GRENADEERS to provide more light on work and better light throughout the office. (Properly lighted walls and ceilings, in addition to light on work, mean greater eye comfort, less eyestrain.) GRENADEERS make it easy for existing outlets to handle the job without a "forest of re-wiring" because they provide their own wireway to carry feed wires. Wakefield's adjustable hangers facilitate installation; make ceiling irregularities no problem. Now after six months' operation, these units provide an average of 35 footcandles on desktops.

Perhaps there's a suggestion in this for you. Wakefield will be glad to work with you to help you get lighting that fits your needs . . . Write the F. W. Wakefield Brass Co., Vermilion, Ohio.

Wakefield



THE COMMODORE



THE GRENADEER



ALSO THE ADMIRAL



years, starting at age 25, buys a \$1,000 War Bond (face value), \$1,000 savings bank life insurance policy, and \$620 cash balance in the bank. On the same basis, a 35-year-old depositor saving \$10 weekly accumulates \$3,000 in bonds, \$3,000 life insurance, and \$2,230 cash in 10 years.

The program offers various classes of weekly budgeted savings ranging from \$3 to \$10, while others may be worked out for any sum on an individual basis. There are no strings, no penalties. War Bonds are issued in \$25 Series E denominations as the funds accumulate. The insurance protection may be continued as a separate program at any time. This three-in-one plan was prompted by a survey of savings habits which indicated that most savers are interested in all three forms of thrift.

Shipments to L. A.

MANUFACTURERS TRUST COMPANY, New York, has issued a brochure entitled "Documentary Requirements on Shipments to Latin America." It gives detailed information as to requirements in the way of consular invoices, visas, etc., on freight, air express and parcel post conveniently charted for each of the Latin American countries. The factual data is credited to the United States Department of Commerce.

Home Loan Budget Plan

The success of the FHA loan which permits a borrower to pay his fire insurance and taxes on a monthly plan in addition to the amortization payments, prompted the ANGLO-CALIFORNIA NATIONAL BANK, San Francisco, to pioneer a new broader service along these lines called the "Insurance-Protected Home Loan Budget Plan."

A real estate borrower, under the budget plan, may arrange for a special account at the bank through which he deposits monthly sufficient money to pay when due principal and interest, taxes, fire and other property insurance, as well as premiums on any life insurance, accident and health insurance which he may take out in an amount equivalent to the total loan. This gives him complete protection.

The plan may be adapted both to the FHA type of loan or the regular real estate loan. For FHA loans, a separate account is carried to keep it independent of the trust fund account, so that the trust funds will not become mingled with funds used for payment of premiums on life, health and accident insurance. The fire and other property damage insurance and the life policies

(CONTINUED ON PAGE 99)

"Over the Hump With the Wind and the Rain... *in my hair*"

Based on a true story taken from the war record of the Curtiss Commando



"A Girl Can't Say 'No' when she's on her way to cheer up lonesome G. I.'s who haven't seen an American girl in months. Not even when she's asked to make one of the most daring flights in the world... over the 19,000-foot Himalayan Hump... with the treacherous monsoon rains staging their big show.

"Smiling Through an inferno of black storm clouds that rush past at 100 miles an hour... through solid walls of drenching rain. It was a trip that called for nerve... and it called for an airplane that was really built to take it. Yes, that wind and rain really got *in our hair!* But there was no turning back."

"Commando Performance. As usual, the Commando came through with flying colors. And our show went on for my favorite audience... our battle-weary veterans. Was it worth it? Well, I hope it was worth as much to those boys as it was to me, to see them laugh and relax with a girl from home!"

THAT'S WHY
I WANT TO RIDE
THE AIRLINES THAT WILL

Fly Commando!



Over Net Profits. Each Commando carries tons of luggage and cargo... a much greater payload than any present-day, domestic transport. And it operates with utmost economy and twin-engine economy on the ultra-range flights which make up the great majority of regular, daily airline hops.

Time Means Money Saved on maintenance, when you Fly Commando. For instance, flight instrument panels are interchangeable right and left, and any instrument can be changed in less than a minute. This greater accessibility cuts maintenance time and expense... and increases over-all speed for the airlines that Fly Commando!



Increased Schedules. The big, twin-engined Commando will offer a most desirable increase in airline schedule frequency, operating at peacetime load factors, for the handling of postwar air traffic. Greater schedule flexibility and the running of extra sections will also be more practical with thirty-six passenger Curtiss Commandos than with larger transports.

THE CURTISS
Commando

Today's Great Lifeliner
Tomorrow's Great Airliner

Curtiss

Wright
FIRST IN FLIGHT

OUR 70th YEAR

Founded in 1875, this bank has been serving
Central and Southern California since the days
of the pioneers.

SECURITY-FIRST NATIONAL BANK

of Los Angeles

Resources over 1½ Billion Dollars
118 Offices and Branches

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Head Office:
Sixth and Spring Streets • Los Angeles 14, California



Scene in Early Los Angeles

METHODS—Continued

are made out in favor of the bank, but health and accident policies are payable to the borrower.

The bank does not sell insurance, nor does it participate in commissions of any kind. The bank's only function is to provide the means of paying on a monthly basis, serving as a financial secretary. The borrower buys insurance from his own broker or agent. The bank's attitude in this respect is entirely impartial.

The plan is fully described in a copyright booklet issued by the bank.

Merchandising Mortgages

Campaigning for new housing loans, the EAST RIVER SAVINGS BANK, New York City, accents its merchandising with a new term—the E-R (economy rate) mortgage, offering five distinctive sales points: Individual planning, easy repayments, limited fees, economy rates of interest, and long-range service. Applications are being stimulated with lobby displays of poster panels "Look At Your Neighborhood," plus model homes loaned by *Better Homes and Gardens*. Real estate brokers are being presented with miniature savings banks in the shape of a Cape Cod cottage to remind them of the bank's interest in small home loans.

Cooperative Action

Of special interest to banks in the consumer credit field is the reported action of the Electrical Association of Philadelphia to refer prospective purchasers of home appliance equipment to local banks when such goods come on the market again. The association has also issued a leaflet for retailer distribution emphasizing the need for post-war store modernization. After outlining the advantages of better electrical equipment, a list of the 32 Philadelphia banks is given as sources of credit to finance purchases and installations.

V. Stuart Symington, new chairman of the Surplus Property Board



September 1945

HARRIS & EWING

Market Study

The national figures projected on the sales volume of electrical appliances, home furnishings, automobiles, airplanes and other goods which come under the scope of consumer credit activities may seem over-optimistic. But numerous local surveys, many conducted by home town banks, bear out the facts. For instance, THE EQUITABLE TRUST COMPANY, Wilmington, Delaware, recently canvassed 2,000 residents and uncovered a \$6½ million market for consumer goods, representing deferred needs. Automobiles lead the list of some 6,082 items, with a total 947 units at an average price of \$1,100. This group intends to buy 785 radios, 738 washing machines, 588 home furnishings, 551

refrigerators and 584 other electrical appliances. There will be 545 new homes, 350 new kitchen ranges, 203 home freezers, and 45 personal aircraft on the "buy" list as soon as they become available.

Under the heading of "Other Major Items" some 181 people recorded their needs which included numerous mentions of tractors, farm implements and trucks, as well as two churches for \$10,000 and \$20,000, and an individual who wanted to invest \$50,000 in a new business enterprise. One woman, who signed herself "Tired of War" stated her post-war needs as being "one pound of butter, 12 pairs of nylons and three girdles."

With respect to payment, some 72 per
(CONTINUED ON PAGE 102)



Latest Quotations Prompt Execution

Our direct wire connections, both telegraph and teletype, assure correspondent banks of utmost efficiency in the purchase and sale of

U. S. GOVERNMENT BONDS

TREASURY BILLS

CERTIFICATES OF INDEBTEDNESS

TREASURY NOTES

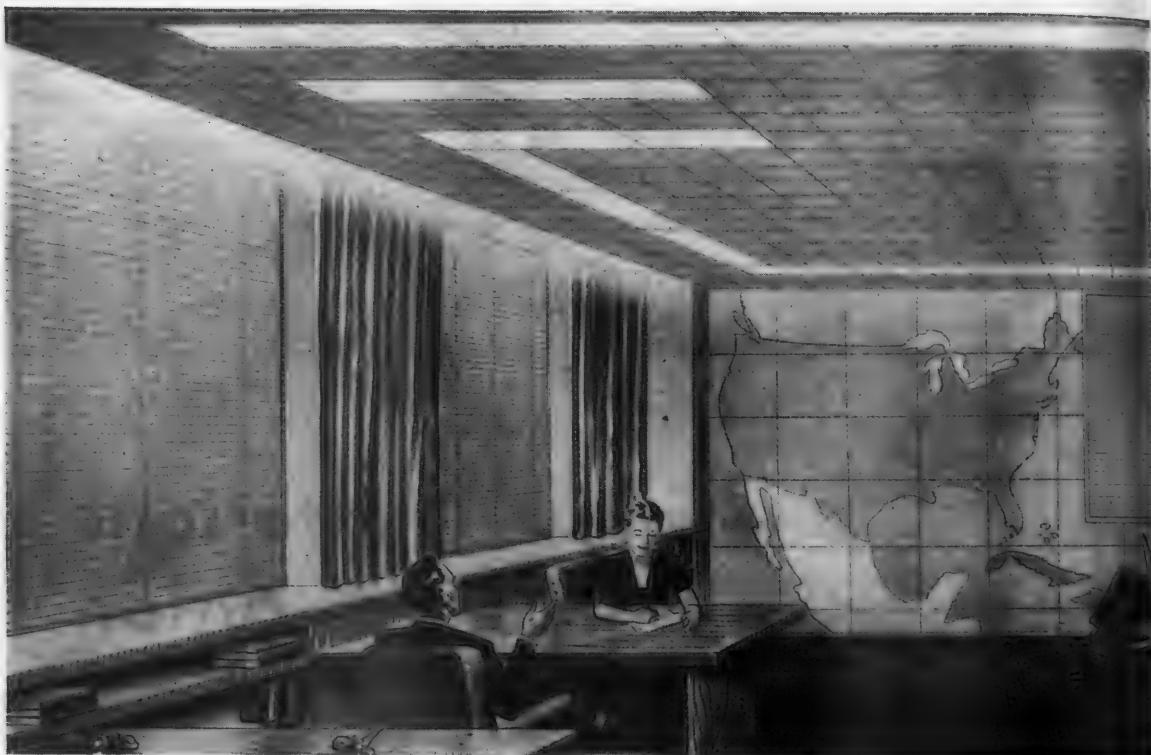
Inquiries are invited

Telephone Franklin 6800—LD 92-93-313
Teletype CG 987

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

SEEING is the biggest



.... and G-E Lamps lead the way!

Whether you're trying to sell an impression of your company or merchandise off the shelf, G-E lamps can help you make more effective use of eyes and seeing. Take a look at these suggestions for adding to the efficiency and comfort of a private office.

Overhead G-E fluorescent lamps in recessed troffers provide cheerful light throughout the room, with a concentra-

tion of light over the desk area. This makes for fewer errors, greater alertness.

Along wall tops, G-E Slimline lamps fit into compact coves to provide pleasing light tone on walls for greater eye-comfort.

Find out how G-E Lamps can help with better seeing for better work throughout your offices.

Hour the G-E radio programs: "The G-E Air-Girls," Sunday 10:30 a.m. EWT, NBC—"The World Today" news, Monday through Friday 8:30 a.m. EWT, CBS.
"The G-E Houseparty," Monday through Friday 9:00 a.m. EWT, CBS.

thing in Selling



*The Constant aim of
General Electric Lamp Research
is to make G-E Lamps
Stay Brighter Longer*

BUY MORE
WAR BONDS

G-E LAMPS
GENERAL  **ELECTRIC**

METHODS—Continued

cent of the 2,000 replied, and only one in five indicated intentions to use accumulated War Bonds. It was strongly evident that instalment credit will be the major vehicle.

Localized surveys of this type accomplish two things: (1) It provides a factual basis for determining the market of consumer credit, and, for the bank, it provides an initial contact with prospective borrowers; and (2) it indicates business expectancy for various local dealers and distributors who are naturally

anxious to gear their services to local demands.

Timely

While news of the devastating effect of the first atomic bomb seared the headlines across the country, the WACHOVIA BANK AND TRUST COMPANY told North Carolina readers that it had helped produce the atom bomb with more than a million dollars in war loans to the three contractors who built the installations at Oak Ridge. Said the ad: "Our part in this tremendous project was a modest one. But it is perhaps a

forerunner of what the American banking system, financing the work of science and industry in the constructive tasks of peace, can do when the war is over."

Vet-Loan Clinics

Special task forces of speakers from BANK OF AMERICA headquarters have completed a series of 19 district meetings designed to instruct branch managers and lending officers in the purposes and procedures of the Vet-Loan Plan. Among the promotional tools furnished are three handsome booklets—"How to Buy a Home," "How to Buy a Farm," and "How to Have a Business." Each booklet covers the provisions of the GI act as applied to its subject, and the bank's service as defined by the Vet-Loan Plan, as well as other appropriate information and suggestions.

Bank-Agent Auto Plan

A streamlined bank and agent auto plan has just been started by the Security-First National Bank of Los Angeles. The plan will make it possible for insurance agents to arrange loans on presently owned automobiles as well as to finance new and used cars.

The bank will supply agents with forms needed to process the loans, including a 5 X 7 pocketsize kit with applications and work sheets, introduction cards and auto purchase drafts, as well as blotters, stickers and sales letters to enable agents to promote the plan with prospective customers who are in the market for a new or used car, or who wish to refinance a present car. The bank will also supply insurance manual-size rate charts for new and used cars, with examples showing how to figure a transaction.

Agents may use the plan in three ways. Under each plan the bank may deliver the funds to the agent for disbursement to the customer or auto dealer. Each plan also protects the agent on the insurance, and provides the customer with a breakdown of all expenses. The alternate plans, briefly, operate in this manner:

(1) The agent takes his customer to the bank, or refers him to the bank by means of the introduction card, or

(2) The agent fills out the application and work sheet, and gives them to the bank, which then completes other necessary papers, or

(3) The agent not only fills out the application and work sheet, but also completes other necessary papers. Under this plan the bank has no contact with the customer until the account is on its books.

(CONTINUED ON PAGE 105)

Where the wire and telephones went

More graphic than words have been the on-the-spot photographs of what the telephone and electronic devices did in war. Wherever they are they bind our men together.

The Bell System has concentrated its energies on making this equipment for our armed forces. That has caused shortages of switchboards, central office equipment and telephones here at home.

Somewhere in the Pacific. American soldiers and a native boy bring up Signal Corps equipment with the aid of a water buffalo. These animals saved the day many times in bringing up heavy equipment.



BELL TELEPHONE SYSTEM



LISTEN TO "THE TELEPHONE HOUR"
EVERY MONDAY EVENING OVER NBC



Correspondent banks, let this be your Foreign Department!

MOST OF OUR domestic correspondent banks find it unnecessary to maintain their own Foreign Departments since the complete facilities of our Foreign Department are at their entire disposal. If a problem arises all that is necessary is to phone, wire, or write us. They initiate the transactions; we furnish the facilities.

The long experience of our Foreign Department enables us to provide correspondents with pro-

cedures requiring minimum detail work on their part on transactions involving Foreign Remittances, Letters of Credit, Export Collections, etc.

Here is an excellent method to secure additional revenue and other collateral benefits, to maintain existing relationships with old customers, and to develop business with new clients.

Your inquiries as to how we can work with you on Foreign banking transactions are invited.

MANUFACTURERS TRUST COMPANY
55 Broad Street, New York 15, N. Y.

Member Federal Deposit Insurance Corporation

• • • In building a structure as simple as a house, it is often difficult to determine the responsibility for "mistakes". The architect blames the contractor, who blames the sub-contractor, who blames the owner, who blames the architect, and so on—and on.

Yet a house, compared with a bank, is simple to execute. Mistakes usually result in the owner's discomfort or, at worst, added expense. In a bank's new quarters, they impair efficiency, lead to costly remodelings, throw the whole operation off balance for years and otherwise embarrass the officers.

The war has accelerated the trend toward the Single Contract, as originated by us thirty-three years ago. Many of the nation's largest industrial designing and construction firms now operate almost exclusively under such contract.

Even in *residential* construction, the trend is toward the Single Contract. Architects, contractors and sub-contractors everywhere are teaming up to offer prospective home owners a "complete package".

Stressed are the advantages we have emphasized for years: undivided responsibility, elimination of multiple profits.

Your new quarters, whether a multi-million dollar project or a small rural bank, will be better if ONE firm assumes *undivided responsibility* for them.

WHY SHOULD BANKERS DEMAND... - undivided responsibility?

Commercial Banking & Trust Co.
Wooster, Ohio
C. G. Williams, President



Bank Building and Equipment Corporation

OF AMERICA
NINTH AND SIDNEY STREETS • ST. LOUIS 4, MO. U. S.

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METHODS—Continued

War Diary

A recent issue of the Royal Bank (of Canada) magazine presents the first instalment of an institutional "War Diary"—a colorful story of overseas branches and how they served and fared in World War II. Each chapter is written as personal experiences of the various branch managers. There is a Russian chapter describing conditions in Vladivostok; one on Spain, telling of the struggle of opposing forces, in the Plaza de Cataluna which left the branch building riddled with machine gun and rifle bullets; in France, the occupation of Paris, and the problems of operating under the "devisenschutzkommando" of France.

Sit While You Wait

Something new has been added to the landscape at Irvington Center, Irvington, New Jersey.

Through the courtesy of the IRVINGTON NATIONAL BANK, patrons of the numerous busses that use the terminal on Clinton Avenue at the Center may now sit in comfort while they wait for their bus. The bank has erected three roomy benches.

Roy A. Hitching, president of the bank, thought of the idea while doing a little bus-waiting on his own account. He wasn't able to stretch his gas rations since he moved to the suburbs. But now that's changed!

Ironically, his bus is one of the few which doesn't use the terminal so he will keep on standing while dozens of other tired strap-hangers enjoy the benches he provided.

Small Loans

The BANK OF MONTREAL, Quebec, based a recent newspaper promotion for small business loans on actual case histories of successful enterprises which owe their start to bank credit. There's the case of Edward Ferguson, an ardent Waltonian, who conceived an idea for a new type lure, and with the aid of a bank loan some 14 years ago, built up a thriving business worth more than \$50,000.

The same theme is also used to promote farm credit business. One ad, picked from the ledgers, tells the story of the Haley family, Dominion farmers since 1900, whom the bank has served regularly for the past 45 years on livestock, feeder and repair loans. Today, the farm is still a going concern, doing a war job and winning blue ribbons with prize Ayrshires.

Case histories of this type are a form of testimonial, interesting and impressive. Every bank's loan ledger can produce success stories worth telling.

Returning Vets

The LAND TITLE BANK & TRUST COMPANY of Philadelphia has provided for the immediate reemployment of every employee on his demobilization from the armed services in "a position, and with salary comparable to what he might have attained had he remained in our employ."

Upon reemployment, the returning veteran will be offered the first month

at full pay as a leave of absence to accustom himself to civilian life. Should he decline the month's leave, the bank will give him double pay for that period. In addition, he will receive the usual vacation.

Percy C. Maderia, president, also announced that the veteran would be immediately reinstated in the bank's group insurance plan and his records marked so as to reflect continuous employment during his service in the armed forces.

The bank has some 97 employees in service, all of whom have been notified of the plan.



St. Louis... and the Railroad Industry

St. Louis is the second largest railroad terminal in the United States, being served by nineteen trunk line roads, which, with their affiliates, operate 57% of the main track mileage of the country's Class 1 railroads. In addition, four short lines and five switching roads serve the Metropolitan district.

The excellence of St. Louis' railroad service, together with the city's strategic, central location, has

been a major factor in the growth and development of many major industries in this area.

Mercantile-Commerce has had a close association with the railroad industry through many, many years... one of the many examples of how this bank has cooperated constructively towards the growth of business in the widely diversified industrial area of St. Louis and the great Southwest.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

STATE ASSOCIATION PLANS

Here is a brief résumé of reports from state secretaries indicating the direction of state association activities at this time. States not represented here were awaiting developments and direction from forthcoming business meetings of association officers and committees when this was prepared.

ALABAMA: Lent leadership to recently completed series of farm-industry conferences held at key points under sponsorship of the Associated Industries of Alabama. Completed three sessions last month at Birmingham, Montgomery and Dothan on a national sales finance plan, arranged by the Consumer Credit Committee. Annual group meetings are scheduled for Spring, but at least one will be held soon in the interest of soil conservation.

ARKANSAS: Most important specialized function this year will be the inauguration of the "Banker Certificate of Award" program in support of the soil conservation movement. The 16 regional clearinghouse associations in support of other working committees will arrange a number of fall meetings on consumer credit, small business loans, and the GI act. A speaker's bureau has been organized for this purpose.

DISTRICT OF COLUMBIA: Organized for full support of the Eighth War Loan drive. Other special activities will await crystallization at regular fall meeting.

FLORIDA: President V. H. Northcutt's inauguration address emphasized the possibilities of development of Florida's resources in citrus growing, truck farming, livestock, and manufacturing under the small business loan program.

GEORGIA: As an extra-curricular activity Georgia cosponsors a series of farm and industry conferences. *Objectives:* To achieve maximum employment on the farm, in collateral farm industries, and business and industry of every type. The principal concern is to absorb some 300,000 returning veterans.

ILLINOIS: Recently formed two new committees, one to canvass the situation concerning instalment lending by member banks, with the object of determining whether a special consumer credit division should be set up in the association. The second committee, on bank

personnel, will consider all of the relationships between employee and employer, with a view to setting up incentives which will make banking a career job. County federations will be stimulated to create interest among farm youth and develop a program of banker-farmer cooperation. These groups will also endeavor to tie-in local county, state and national law enforcing agencies on the association's crime prevention program.

IOWA: Plans a one-day business meeting in lieu of its annual convention at Des Moines, limited to 50 representatives of member banks outside the Des Moines area in line with ODT regulations. Fall activities will be developed at this session.

KANSAS: Recently published a 1945 report of its Bank Management Commission continuing study of earnings and expense ratios. The Agricultural Committee will release soon a special publication on hybrid seed corn to serve as a manual for state development. Lending encouragement to soil conservation efforts, certificates will be presented to the farmer in each county doing the best job. Other projects include the recodification of state banking laws, and the revamping of the blanket bond and other insurance carried by member banks.

MARYLAND: Action program will be determined by the Committee on Administration. One program that will continue to receive special attention is the support of 4-H Clubs and other farm youth activities, in line with a practice of many years' standing.

MICHIGAN: The public relations program ranks No. 1 on Michigan's list of activities. A new Committee on Veterans Affairs has been organized which will cooperate with the Superintendent of Public Instruction, who is developing a state program for returning vets. A bank and trust company study conference is on the agenda for late Fall.

MINNESOTA: Completing a series of 23 regional clearinghouse meetings, started last June, devoted largely to an examination of credit programs and the GI act.

MISSISSIPPI: Inaugurating an adver-

tising service for small banks, designed for country newspapers. The Agricultural Committee will urge cooperation from all rural banks in 4-H Club corn contests. Other activities will center around veterans' loan problems and promotional work of the Small Business Credit Committee. Group meetings are being planned to implement these aims.

NEBRASKA: Will hold a streamlined meeting in lieu of its annual convention this Fall. An extensive campaign is now under way to enlist the membership in support of consumer credit activities. Also the association is installing a group insurance program for bank officers and employees, covering life, health, accident, hospitalization, etc.

NEW JERSEY SAVINGS BANKS ASSOCIATION: Committee on Current Developments will investigate the feasibility of initiating savings bank life insurance as a member bank service. A committee is working on revisions in the savings bank law, recodified in 1938, but which is inadequate to meet present service opportunities and investments. County-wide branch banking is another subject with top priority, as is the extensive job to be done for veterans.

SAVINGS BANKS ASSOCIATION OF NEW YORK: Newest activity is the participation of member banks in equity housing, notably a \$7,500,000 project in Manhattan. The Investment Committee is also doing an important piece of work in attempting to eliminate the existing legal list to broaden the investment field.

NEW YORK STATE BANKERS' ASSOCIATION: The Posterama Education Project has been endorsed by school supervisors of more than 100 communities, and the use of these visual aids in teaching banking and money-management in high school classes in social sciences is well under way. The Committee on Agriculture will soon release study "Agricultural Loans under the New York State 1945 Agricultural Chattel Mortgage Law." A manual setting forth the ABC's of small bank instalment loan operations will be released in October. A series of three booklets will also be released on personnel management and employee relations. The Bank Management Commission will continue its policy studies.

(CONTINUED ON PAGE 108)

Put your finger...



Cash
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TOTAL CURRENT

... on the collateral for inventory loans

THREE IS EXTRA loan business at your finger tips—in plain sight on your customers' balance sheets.

It is inventory—and all the security you require for such loans is provided by Lawrence Field Warehouse Receipts. Lawrence men bring to their customers the full practical experience gained from 30 years of successful field warehousing. They have proved that hundreds of com-

modities (either raw material or finished products) are excellent collateral when field warehoused on the borrower's premises.

Executives in 18 "top-prospect" industries are reading about this service in Lawrence Warehouse Company advertisements. Be ready for their inquiries—phone or write for free booklets just issued for the use of bank loan offices and their customers.

LAWRENCE WAREHOUSE COMPANY

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NEW YORK: 72 Wall Street • CHICAGO: 1 North LaSalle Street • SAN FRANCISCO: 37 Drumm Street • LOS ANGELES: W. P. Story Building • Buffalo • Boston • Philadelphia • Kansas City, Missouri • St. Louis • New Orleans • Jacksonville, Florida • Dallas • Houston • Denver • Fresno • Stockton • Portland, Oregon • Atlanta • Cincinnati • Washington, D. C.

State Association News

(CONTINUED FROM PAGE 106)

The Committee on Commercial Development plans to follow through on its work of last year with specific studies of small business conditions and opportunities within the state.

NORTH CAROLINA: The recent series of 10 group meetings on veterans' loans will be followed up in early Fall by activating groups which will meet with civic clubs and other organizations to explain banking policies. October begins the fall stock shows program, a major association activity. Special attention will be given to broadening the educational program for members—more A.I.B. chapters, and study groups. The annual public speaking contest sponsored by the association for more than 100,000 high school students will be on the subject "Banks in a Democracy and How They Can Better Serve."

NORTH DAKOTA: Has released a practical thesis on lending against trust receipts, complete with specimen banking forms.

OHIO: The Consumer Credit Committee recently issued in folder form a complete set of suggestions and forms for banks wishing to enter this field or expand present operations. A special veterans committee has a comprehensive program for bank service for returning service people, which will be announced soon. In addition to normal credit information and facilities for agriculture, the association is fostering soil conservation, especially the rebuilding of land which has been depleted by the demands of war production.

OREGON: Recently established a county agricultural agent system for farmers by obtaining passage of a state law which made Oregon the first to appropriate its funds, later to be matched by those of the Federal Government, to finance this movement.

PENNSYLVANIA: Newly organized Committee on Program of Activities will conduct studies of methods and objectives and present findings to the Council of Administration for action. This group will seek especially to implement those procedures of the A.B.A. that are adaptable within the Pennsylvania program. The Committee on Competitive Agencies has mapped a comprehensive program for the ensuing year. Small business credit and veteran

lending programs are now under Bank Management Committee consideration. It is expected that as a result of the work of the Activities Committee certain new departures may be undertaken later this year.

SOUTH CAROLINA: A series of panel discussion programs on veterans' loans are being scheduled in key cities. The Blue Triangle Plan of financing medical and dental care will be instituted this Fall. The association will continue to promote conservation teaching in public schools by printing and distributing informative pamphlets. Special emphasis will be placed on expanding cattle production. A system of awards will be worked out for Future Farmer contests, and awards will be made in a food production contest sponsored for the Negro 4-H Clubs.

SOUTH DAKOTA: The association's service to war veterans program will be presented to the membership this month in a series of seven group meetings. On the agricultural score, one new committee is undertaking a project to create a standard farm credit file, while another will work out "agricultural yardsticks" in cooperation with the State College of Agriculture to translate available farm data into banking terms. It is further reported that the group insurance program, adopted recently, has gained wide acceptance.

TENNESSEE: Annual regional meetings are scheduled for October. The Agricultural Committee has issued a booklet on "Farm Business Standards," produced in cooperation with the extension service of the University of Tennessee. The association's monthly mag-



azine is carrying a special series of articles written by guest editors—a farmer, manufacturer, retailer, wholesaler, etc.—stating what they expect of their bankers.

VERMONT: During the past year the association's efforts have been directed to state legislation which resulted in the acceptance of a new basis for bank taxes and an investment section of the banking law. Also, the association has made progress on a pension program, which will probably be acted on at the annual meeting on October 12.

WEST VIRGINIA: On the list of special activities is the rural-urban forum sponsored recently at Parkersburg which drew some 200 business and farm leaders from all sections of the state.

WISCONSIN: The complete 1945-46 program has not yet been formulated; however the following functions have been agreed upon: The manual of standard forms will be kept up to date with expansions and revisions as needed, and a new manual on safe deposit practice will be issued this Fall; 4-H Clubs and Future Farmers will again receive recognition and special attention will be centered on farm accounting methods. The bank management program will consider a code of ethics; current accrual of taxes; policy with regard to sub-rated bonds in the banks' portfolios; memoranda for bank directors; and an educational program on par clearance and service charges. It will also cooperate with the State University in an analysis of banking costs. A management clinic for A.I.B. chapters will be held in September. A Credit Council with five subcommittees will deal with all phases of consumer and business financing, and will develop closer relations with other representative trade associations having interest in this field.

WASHINGTON: The Agricultural Committee is sponsoring a statewide soil conservation program embracing 26 organized districts, featuring individual awards to qualifying farmers. An award fund of \$500 has also been set up for 4-H Club activities. The Committee on Manual and Procedure has issued the first section of its book on operating forms, and will soon release a safe deposit section. Plans are being laid to reopen the Pacific Northwest Banking School next Summer.

BURROUGHS MACHINES ARE PREFERRED WHEREVER YOU GO

Because—there is no match for Burroughs machines . . . built with precision to operate with precision . . . designed to provide long and dependable service.

Because—there is no equal to the range of the Burroughs line . . . machines for practically every purpose . . . machines specifically designed for specific jobs . . . machines flexibly designed for versatility of application.

Because—there is no rival to the Burroughs maintenance service . . . prompt, dependable and efficient . . . organized to give Burroughs owners freedom from mechanical interruptions, to insure them the fullest use of their machines.

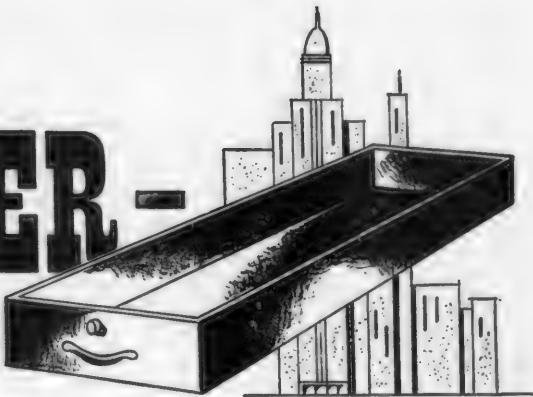
Because—there is no equivalent to Burroughs counsel . . . technical help by machine accounting men with years of experience in planning efficient applications and installations for all types of businesses.

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FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

STRONGER -



THAN STEEL AND CONCRETE

A piece of paper is stronger than your most burglar-proof safe deposit box. Why? Because a Safe Depository Liability Policy protects your bank from loss even when steel and concrete fail!

Safe Depository Liability Insurance protects your bank's interest completely. Therefore, it is more desirable than ordinary Safe Deposit Box Burglary and Robbery Insurance, which is often gratuitous protection for customers with definite limitations.

Safe Depository Liability Insurance covers all contents of Safe Deposit Boxes against any kind of loss for which the Bank may be liable. Furthermore, it provides for the defense and payment of all costs in connection with suits, whether or not the bank is negligent.

Ask any Agent or Broker about Safe Depository Liability Insurance—and be sure to specify NORTH AMERICA protection.



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THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA
CENTRAL INSURANCE COMPANY OF BALTIMORE

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA
NATIONAL SECURITY INSURANCE COMPANY
PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

KEEP AMERICA BUSY—GIVE A RETURNED VETERAN A JOB!

Heard Along Main Street

Dodge Advisor to General Clay

IN RESPONSE to the urgent request of General Lucius D. Clay, deputy to General Eisenhower, Under-Secretary



of War Robert P. Patterson and other ranking War Department officials, JOSEPH M. DODGE, president of The Detroit Bank, left for Germany in August to act as financial advisor to the American Commander and the director, Finance Division, United States Group Control Council.

While in Germany, Mr. DODGE will have general supervision over financial institutions and public and private finance. It is his objective to have the German bank operation set up, the system functioning properly, and an acceptable successor chosen by the end of the year, or shortly thereafter.

This is the third time Mr. DODGE has been in government service during the past few years. In 1942 he took the chairmanship of the Price Adjustment Board of the Army Air Forces of the Central Procurement District, organizing 13 states, with offices in Detroit, Chicago, Cleveland, and Cincinnati.

In September 1943, Mr. DODGE went to Washington at the request of General Brehon Somervell and General Clay to take over the War Department renegotiation operations. As director, he organized the department as a Headquarters Staff Division of the Army Service Forces, was chairman of the War Department Price Adjustment Board; organized and was chairman of the Joint Price Adjustment Board, representing the Army, Navy, Treasury, Maritime Commission, War Shipping Administration, and the RFC; was chairman of the succeeding similar board, known as the War Contracts Price Adjustment Board, again representing all of the services.

Mr. DODGE returned to the bank on September 1, 1944.

Gibson Wins Medal of Merit

HARVEY D. GIBSON, president of Manufacturers Trust Company, New York, has been awarded the Medal of Merit in recognition of his work as American Red Cross Commissioner for Great Britain and Western Europe. The presentation was made by Joseph C. Grew, Under-Secretary of State, on behalf of President Truman.

Mr. GIBSON was cited for "exceptionally distinguished and meritorious conduct in the performance of outstanding services to the United States in a position of great responsibility as Commissioner, American Red Cross in Great Britain. Under Mr. GIBSON's able leadership Red Cross installations have been conducted for personnel of the United States Armed Forces in the European Theater of Operations resulting in improving health, comfort and morale of all ranks and services. Mr. GIBSON's work required extraordinary ability, energy, initiative and cooperation with the United States Army, the Navy, the American Embassy, representatives of the British and Allied Armed Forces, and various British civilian authorities."

The Medal of Merit is conferred on American civilian citizens who have contributed in some outstanding and extraordinary manner to the war effort. They are selected by the Medal of Merit Board, composed of the Secretaries of State, War and Navy. Mr. GIBSON was appointed American Red Cross Commissioner for Great Britain in August 1942 and after D-Day in June 1944 he was made Commissioner to Great Britain and Western Europe. He returned to this country on May 8, 1945.

Mr. Gibson



Mortgage Bankers Nominate Officers

BYRON V. KANALEY, president of Cooper, Kanaley and Company, Chicago mortgage banking house, has been



ominated for president of the Mortgage Bankers Association of America for the 1945-46 term to succeed L. E. MAHAN of St. Louis. Nomination is tantamount to election which will take place this Fall by mail ballot since no annual convention will be held. GUY T. O. HOLLYDAY, president, Title Guarantee and Trust Company, Baltimore, was nominated for vice-president.

Nominations for seven regional vice-presidents were also announced. They include: Eastern region, CHARLES H. HAYES, mortgage and real estate officer, The Brooklyn Savings Bank, Brooklyn; southeastern region, J. C. McGEE, president, Reid-McGee and Company, Jackson, Mississippi; northeast central region, FRANK J. MILLS, cashier, Fort Wayne National Bank, Fort Wayne, Indiana; northwest central region, HARRY A. FISCHER, vice-president, The Mutual National Bank of Chicago; south central region, R. C. OBERMANN, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis; Pacific region, DEAN VINCENT, president, Dean Vincent, Inc., Portland, Oregon; and Rocky Mountain region, C. W. MEAD, president, Nebraska Bond and Mortgage Corporation, Omaha.

Adopted by Seneca Indians

HARRY A. LOGAN, vice-president and director of the Warren Bank and Trust Company, Warren, Pennsylvania, and prominent oil man, was recently adopted into the Seneca Indian nation in a colorful ceremony. This rare honor was conferred upon Mr. LOGAN, who is executive vice-president of the Allegheny

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**Continental Illinois
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of Chicago**

COMMERCIAL BANKING
CORPORATE AND PERSONAL TRUST SERVICES
FOREIGN BANKING FACILITIES
UNITED STATES GOVERNMENT AND
MUNICIPAL SECURITIES
SAVINGS DEPARTMENT

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MAIN STREET—Continued

River Improvement Association, in recognition of his energetic efforts in promoting improvement of the Allegheny River for navigation, and cooperation with the Seneca nation in its efforts to prevent destruction of their treaty-protected lands, ancient burial grounds and homes by the possible erection of a proposed dam. The ancient ceremony, performed by 10 Seneca Indians attired in full ceremonial regalia, took place as a climax to the 48th annual meeting of the improvement association.

Trailing dresses and heirlooms from the pioneer days of the 80's put in their appearance at the 75th anniversary celebration of the Seattle-First National Bank on July 9. Shown here with Thomas F. Gleed, president, left center, and Lawrence M. Arnold, board chairman, are some of the charming misses who modeled the gowns



Papal Decoration to Winthrop Aldrich

WINTHROP W. ALDRICH, chairman, Chase National Bank of New York, has received a papal decoration designating him a Knight Commander of the Order of Pope Pius IX, With Star. The Chancery of the Roman Catholic Archdiocese of New York, which announced the decoration, described it as unusual and given only in cases of great merit. It was bestowed by Pope Pius XII and presented by Archbishop Francis J. Spellman, in recognition of Mr. ALDRICH's work in promoting "works of charity and benevolence in the United States and foreign countries."

Citations to Bankers

Staff Sergeant JOSEPH FEHRENBACK was welcomed back to the Advertising Department of the American Bankers Association on August 1, after almost three years in service, including eight months in the China-Burma-India theater. Sergeant FEHRENBACK was discharged under the point system; many of the points were for the decorations he won in service: the Distinguished Flying Cross with an Oak Leaf Cluster, the Air Medal with four Oak Leaf Clusters, and three Battle Stars, one each for Northern Burma, Central Burma and China. The sergeant was a radio

Sgt. Fehrenback receiving the Distinguished Flying Cross



Do You Have a Large Volume in this Area?



THIS BANK serves some 300 correspondent banks in this region.

A great many of these banks send all of their out-of-town items to us in a single daily letter. Here, a large and fast-working transit department operates practically 24 hours a day, meeting trains and planes both for receiving and dispatching. Efficient correspondents in all major money centers cooperate closely.

A full business day or more is saved on collections of important items.

We invite inquiry from banks interested in gaining greater efficiency by concentrating collections through this bank.

THE NATIONAL CITY BANK OF CLEVELAND

ONE HUNDREDTH
Euclid at East Sixth

THE NATIONAL CITY BANK
CLEVELAND'S OLDEST BANK
1845 ANNIVERSARY YEAR
and in Terminal Tower

Member Federal Deposit Insurance Corporation



THIS IS NO TIME TO FIDDLE

History tells us that Nero, with apparent unconcern, sat idly by and fiddled while Rome burned. Are we growing to be a nation of Neros? American property is being destroyed by fire to the tune of over \$425,000,000 annually, yet unless it touches his own belongings, the average American citizen isn't particularly interested. He blindly ignores the fact that increased losses mean increased costs and frequently the destruction of property that can not be replaced. An awakened public can do much to prevent this great economic waste—this is no time to fiddle. United States Fire agents from coast to coast are constantly presenting these facts to the public for the sole purpose of saving lives and property.

operator on a C-47 cargo plane, and flew over 300 missions.

First Lieutenant ERIC JOHNSON, of the Chase National Bank of New York, after 54 flying combat missions in a Mitchell B-25 in the European theater, wears the Distinguished Flying Cross, the Silver Star, the Air Medal, and a Presidential Unit Citation, and has the distinction of being his bank's most decorated flier.

"Although, fortunately, the Purple Heart is not among his decorations," writes *The CHASE*, Lieutenant JOHNSON's "B-25 was shot up on several occasions, twice seriously. On his 20th mission he was flying as co-pilot, sitting before the dual controls in the right seat of the cockpit, when a burst of flak sprayed the ship while it was on its bombing run. Fragments of flak killed the pilot, seriously injured the bombardier-navigator and the radio-gunner, and knocked out the left engine of the two-motored bomber. Lieutenant JOHNSON took over and, with one engine, completed the bombing run with a perfect hit on the target, a bridge.

"Although his ship was literally 'full of holes' and critically hurt, Lieutenant JOHNSON limped home on one engine and 'rule of thumb' navigation, far behind his formation. For this exploit he was awarded the Silver Star and promoted to first pilot, with his own ship and his own crew."

This is just one of many "close calls" which came to Lieutenant JOHNSON before returning to the States.



Lt. Johnson's commanding officer reads the citation awarding him the Silver Star and promoting him to first pilot, with his own B-25 and crew

The Detroit Bank of Detroit, Michigan, reports recent awards to members of its staff, as follows:

Captain WILLIAM S. PRATT has been awarded the Distinguished Flying Cross, the Air Medal with four Oak Leaf Clusters, and the Presidential Citation for service in the European theater. The DFC was awarded him for his exceptional accuracy as Group Bombardier

(CONTINUED ON PAGE 116)

UNITED STATES FIRE
INSURANCE COMPANY
ORGANIZED 1874
NEW YORK, N.Y.

LISTEN THURSDAY EVENINGS TO EARL GODWIN OVER AMERICAN BROADCASTING NETWORK

IT WON'T HAPPEN THIS TIME!



POST-WORLD WAR I
Big Stock Piles Slow Deliveries
Long-Range Buying



POST-WORLD WAR II
No Stock Piles Fast Deliveries
Rapid Turnover

WHAT HAPPENED AFTER WORLD WAR I?

Manufacturers started at a tremendous rate to catch up to the pent-up demand for peacetime products. Then what happened?

Came the day when the big demand was filled. Orders stopped. But, manufacturers could not head off the stream of incoming freight—parts and raw materials. Nor could they liquidate the big stock-piles in their factory bins and yards. The 1920-1921 "Inventory Depression" resulted.

In those days, three-week to two-month inventories were common. It often took two weeks for parts or materials to arrive from suppliers at distances not more than 200 miles away!

WHAT WILL HAPPEN AFTER WORLD WAR II?

There will be no inventory depression! The reason? Mainly be-

cause our country now has a **FIVE BILLION DOLLAR MOTOR TRANSPORT SYSTEM**—something which was not in existence at the end of World War I.

Parts and materials from suppliers are no longer on the way for weeks. They arrive by truck and trailer hourly—travel 300 miles overnight. Hand-to-mouth buying has taken the place of risky long-range guesswork.

BIG INVENTORY DAYS ARE OVER

Many factories have no stock-piles whatever. Instead of a three-week inventory, they often operate on a two-hour supply. The highway is practically a part of the conveyor system. Suppliers are linked to main factories by truck and trailer delivery timed accurately to meet exacting manufacturing schedules.

THIS IS HOW IT WILL BE DONE

Utilizing motor transport to its utmost, a business concern can achieve important gains in efficiency and flexibility . . .

(1) By using motor transport to bring supplies to your door as and when needed.

(2) By seeing that your deliveries are not hampered by restrictive, obsolete and inadequate highway and vehicle laws. This is a matter to take up with your State Legislators.

(3) By planning your new building or modifying your present one, so that your loading and unloading facilities are adequate, with modern mechanical handling devices. To be sure—consult your **Traffic Managers, Motor Transport Operators and Architects**

Today Motor Transport can and should be an integral part of your business.

World's Largest Builders of Truck-Trailers

TRUEHAUF TRAILER COMPANY

Service in Principal Cities

DETROIT 32, MICHIGAN

MAIN STREET—Continued

on a bombing run over Debreczen, Hungary, last October, when 755 railroad cars and engines were destroyed. His Fortress was the lead plane in this attack.

A former clerk at The Detroit Bank, Detroit, Michigan, Captain PRATT went overseas in May 1944; was promoted to squadron bombardier four months later; and to group bombardier a month after that. He was promoted to first lieutenant in August, and to the rank of captain in November.

He was returned to the States last Spring.



Capt. Pratt



Cpl. Feeley

A veteran of 33 months' Infantry service in the Southwest Pacific battle area, is the record of Corporal J. ROBERT FEELEY, formerly a clerk at a Detroit Bank branch.

Corporal FEELEY participated in the Salamaua campaign which lasted for

76 hectic days; after a few months' rest in Australia, participated in the savage attack on Hollandia; and after another short rest was part of an Infantry division cut off and almost slaughtered on Biak in the cunningly-laid Japanese trap. This latter exciting and almost fatal adventure was reported in detail in *Newsweek* magazine. The trapped battalion was finally saved by a couple of amphibious "Buffaloes" which outflanked the enemy by water and laid down a withering barrage to permit the Infantrymen to withdraw along a narrow strip of beach.

Corporal FEELEY wears the Combat Infantryman's Badge, the pre-Pearl Harbor service ribbon, and the New Guinea campaign ribbon with battle stars.

First Lieutenant CHARLES E. CHAPMAN was awarded the Purple Heart for injuries received in the savage campaign at Salerno. He was an anti-aircraft artillery Platoon Officer, and participated in the original Salerno landing, as well as the fighting at Cassino. He is also a veteran of the amphibious landing at Anzio and was in the roughest of that beachhead fighting for over four months. He also participated in the drive on Rome.

Lieutenant CHAPMAN, in addition to the Purple Heart, wears the European North Africa ribbon with four major campaign stars, and the pre-Pearl Harbor service ribbon. He spent 22 months



The Chapman family

overseas before obtaining a 30-day leave last January to hurry back and get acquainted with his baby son Charles David, whom he had never seen.

The unbelievable record of flying 35 hazardous missions in a B-17 without ever once firing the plane's guns in its own defense, is the unique achievement of First Lieutenant WILLARD L. OLIVER (B-17 First Pilot) and the crew of the "Million Dollar Baby."

Lieutenant OLIVER, based in England, flew five missions over France, several over Belgium, and the balance over all parts of Germany. He calls his plane "the luckiest plane, with the luckiest crew, in the luckiest squadron in the whole European theater of operations."

(CONTINUED ON PAGE 119)

Old English Silver...



was Hallmarked for a purpose...

One reason Old English Silver is valued so highly by connoisseurs is the strict precaution taken to safeguard its authenticity and high quality of artisanship. Experts look for the Guild Hallmarks stamped on each piece — the guarantee of its quality and manufacture by a maker of recognized standing. It is in that spirit that we watermark...

EAGLE-A COUPON BOND

100% Rag Extra No. 1 Grade

Craftsmanship in the art of fine papermaking is an Eagle-A tradition. For this reason, Eagle-A Coupon Bond holds a dominant position in the national market because its exceptional quality survives competitive tests. You'll like its bank-note crispness — you'll recognize its prestige quality as being worthy of representing you in all business transactions.

Specify Eagle-A Coupon Bond to your printer, lithographer or engraver.

Ask your stationer for
EAGLE-A COUPON BOND BOXED TYPEWRITER PAPER

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This PORTFOLIO can be of real help to officers in charge of Loans

We have a copy
for you

Credit officers in banking institutions have asked for this kind of help... because the bank credit picture is changing daily. Banks are making advances on Accounts Receivable; Aircraft and Automobiles; Agricultural Machinery and Commodities; G. I. Loans; Income-Producing Equipment, etc. With all

these new developments, sound credit management more than ever requires sound, adequate insurance protection.

This free portfolio points out that the banker is primarily interested in having his customer continue as a going concern—that insurance should be sufficient in every respect to protect

the customer's financial interest—that the Hartford agent or broker can be distinctly helpful to the banker.

You get an Outline of Coverages for handy reference and a supply of Insurance Summary forms which serve as check-sheets—all aid in handling loan applications quickly and securely.

Hartford Insurance

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company

Writing practically all forms of insurance except personal life insurance • Hartford 15, Conn.



Tear out →
and mail for
your copy today

Hartford Fire Insurance Company or
Hartford Accident and Indemnity Company
Hartford 15, Connecticut

Please send my copy of the portfolio:
"INSURANCE PROTECTION for Use in Extending BANK CREDIT"

Name _____

Title _____

Company _____

Address _____



The war, etc.

Was it the war?

How much slow-down comes from forms unequal to the complexities of modern business?

Time and again, the representatives of Moore Business Forms, Inc., called in to counsel on form engineering, find three forms where one might do; entries out of sequence; manpower wasted, production dragging.

The ten companies listed below have long been under Moore ownership. Now, without change of owner, management or policy, they combine under the Moore name — the largest company of its kind. *Moore offers you an unequalled fund of experience for the saving of money and time.*

The Moore representative is a specialist in your own field. He analyzes your business form system; makes the

practical recommendation. Then Moore prints, whether a hundred sales books or a million interleaved forms. Shipment is made to any of your branches anywhere.

Let Moore show you now how common sense applied to business forms can speed efficiency all along the line. For information, get in touch with your nearest Moore division, as listed below, or its local office.

AMERICAN SALES BOOK CO., INC., NIAGARA FALLS AND ELMIRA, N. Y.
PACIFIC MANIFOLDING BOOK CO., INC., EMERYVILLE; LOS ANGELES, CALIF.

GILMAN FANFOLD CORP., NIAGARA FALLS, N. Y.

COSBY-WIRTH MANIFOLD BOOK CO., MINNEAPOLIS, MINN.

MOORE RESEARCH & SERVICE CO., INC., NIAGARA FALLS, N. Y.

SOUTHERN BUSINESS SYSTEMS, INC., ORLANDO, FLA.

MOORE BUSINESS FORMS, INC. (New Southern Div.), DALLAS, TEX.; ATLANTA, GA.

In Canada—Moore Business Forms, Ltd., succeeding Burt Business Forms, Ltd., Toronto
Western Sales Book Co., Ltd., Winnipeg and Vancouver
National Sales Check Book Co., Ltd., Montreal

MOORE BUSINESS FORMS, INC.

Have You Heard?

LOUIS W. BISHOP, formerly vice-president and cashier of the State-Planters Bank & Trust Co., Richmond, Va., has resigned after 32 years in the southern banking field to accept an assistant vice-presidency with the Philadelphia National Bank. Mr. BISHOP for some years has been an instructor in the summer banking conferences at the Universities of Virginia and North Carolina. He has served on various committees of the Virginia Bankers Association and currently is a member of the Bank Management Commission of the American Bankers Association.

GWILYNN A. PRICE, formerly president of the Peoples-Pittsburgh Trust Company and now executive vice-president of Westinghouse Electric and Manufacturing Company, has been made a trustee of the Central Hanover Bank and Trust Company, New York City.

CHARLES T. O'NEILL, vice-president and trust officer, National Bank and Trust Company, Charlottesville, Virginia, has been appointed by Governor Darden to membership on the Virginia Post-War Employment Committee, representing all financial services in the state.

Mr. O'NEILL is a former president of the Virginia Bankers Association and is chairman of the Subcommittee on Agricultural Credit of the Federal Legislative Committee of the American Bankers Association, and a member of the Association's Agricultural Commission.

Dr. ROBERT E. WILSON, chairman of the board of the Standard Oil Company (Indiana) and of the Pan American Petroleum and Transport Company, Inc., was recently elected to the board of directors of The Chase National Bank.

Pasadena-First National Bank of Pasadena, California, announces promotions, as follows:

Dr. Wilson



Mr. Bohlman



Mr. Bishop



Mr. Price

WILLIAM T. NOLTING, president since 1934, was elected to the newly created post of chairman of the board; ERNEST F. NOLTING, executive vice-president, was named president; ROBERT H. BOHLMAN, prominent in Los Angeles banking and civic circles, was elected executive vice-president; and S. L. BIERBAUER,

formerly cashier, was elected vice-president and cashier.

Mr. BOHLMAN comes to his new post from the Union Bank & Trust Company of Los Angeles. After graduating from Stanford University in 1927, Mr. Bohlman was associated with the Bishop Trust Company, Ltd., Honolulu, until 1936.

HARRY H. HULBIRT, cashier, and LEROY WILLETT, assistant cashier, Office of the Treasurer of the United States, have retired after more than 40 years of service in the Department. JOHN L. SCHRAM succeeds Mr. HULBIRT and J. M. FEIGLEY takes Mr. WILLETT'S post.



MILLIONS of dollars are now being sent to Europe by generous Americans to assist needy relatives and friends. Based on experience after the last war, such remittances will run into hundreds of millions annually—and your bank undoubtedly has customers who will require this service.

It is not necessary for you to establish costly connections with foreign countries to render this service. Right here in Chicago, we have the necessary facilities to transmit funds to any country by mail, airmail or cable at a moderate cost. We will supply the necessary forms, bearing the name of only your bank, and keep you fully posted.

Why not consult us now? We are ready to serve you.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON

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OUR BUSINESS IS TO HELP BUSINESS

CHARLES OLDENBUTTEL, vice-president, and WILLIAM H. SCHMIDT, cashier, of The Peoples National Bank of Brooklyn, have completed 35 years with the institution. The directors and officers entertained them at a dinner recently and both were presented with watches by ARTHUR W. SPOLANDER, president of the bank.



Mr. Sandstedt



Mr. Davis

JOHN W. SANDSTEDT, executive secretary of the National Association of Mutual Savings Banks, has completed 25 years of service to the "mutuals." On the anniversary officers and trustees of banks gave him a testimonial dinner in New York. Mr. SANDSTEDT began

his banking career with the Savings Banks Association of the State of New York in 1919. The next year the National Association was formed and he joined its staff.

DONALD D. DAVIS, executive vice-

president of the Minnesota & Ontario Paper Company, has been elected a director of the First National Bank of Minneapolis.

Mr. DAVIS was formerly president of General Mills, Inc., resigning in 1942 to become vice-chairman of the War Production Board. He is a veteran of World War I.

THOMAS M. KEEFE, formerly a credit officer with the New York Trust Company, of New York, has been elected vice-president of The Public National Bank and Trust Company of New York.

DAVID E. LYNN and WILLIAM F. GOST, formerly second vice-presidents, and WALTER C. BAKER, formerly trust officer of the Guaranty Trust Company of New York, have been appointed vice-presidents. Other Guaranty Trust promotions include: KENT G. COLWELL, LAURENCE E. DALTON, and MANUEL MARTINEZ, to second vice-presidents; JOHN L. TIMONEY to assistant manager, Foreign Department; LEO H. BOMBARD, FRANK L. CATLIN, LAURENCE E. DARDEN, Jr., and EDGAR L. TOTTEN to assistant secretaries; JAMES E. HARMON and JOHN S. SCHAFER to assistant treasurers.

WALTER H. POTTER has returned to his former duties at the Guaranty Trust, after two years of service overseas with the Army Medical Corps with the rank of lieutenant colonel, and has been appointed a second vice-president of the bank.

WILLIAM L. KLEITZ, vice-president of Guaranty and formerly identified largely with the banking department's business in the western and mid-western states and in the public utilities field, has become associated with the general management of the bank.

GEORGE GUND, president of The Cleveland (Ohio) Trust Company, has been elected treasurer of the Cleveland Chamber of Commerce.

HUGH F. CURRAN has been elected assistant trust officer and ARTHUR GARDNER assistant vice-president of Bankers Trust Company, New York.

(CONTINUED ON PAGE 122)



BANCO DE CREDITO DEL PERU

HEAD OFFICE: LIMA

Capital S/.16,000,000.00

Reserves S/.26,432,576.29

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Through our 36 Branches situated in the most important commercial centres, and our Agents in all other towns in the Republic, we are in close touch with every phase of economic activity in Peru, and thus are well equipped to render helpful service to all American institutions interested in Peru.



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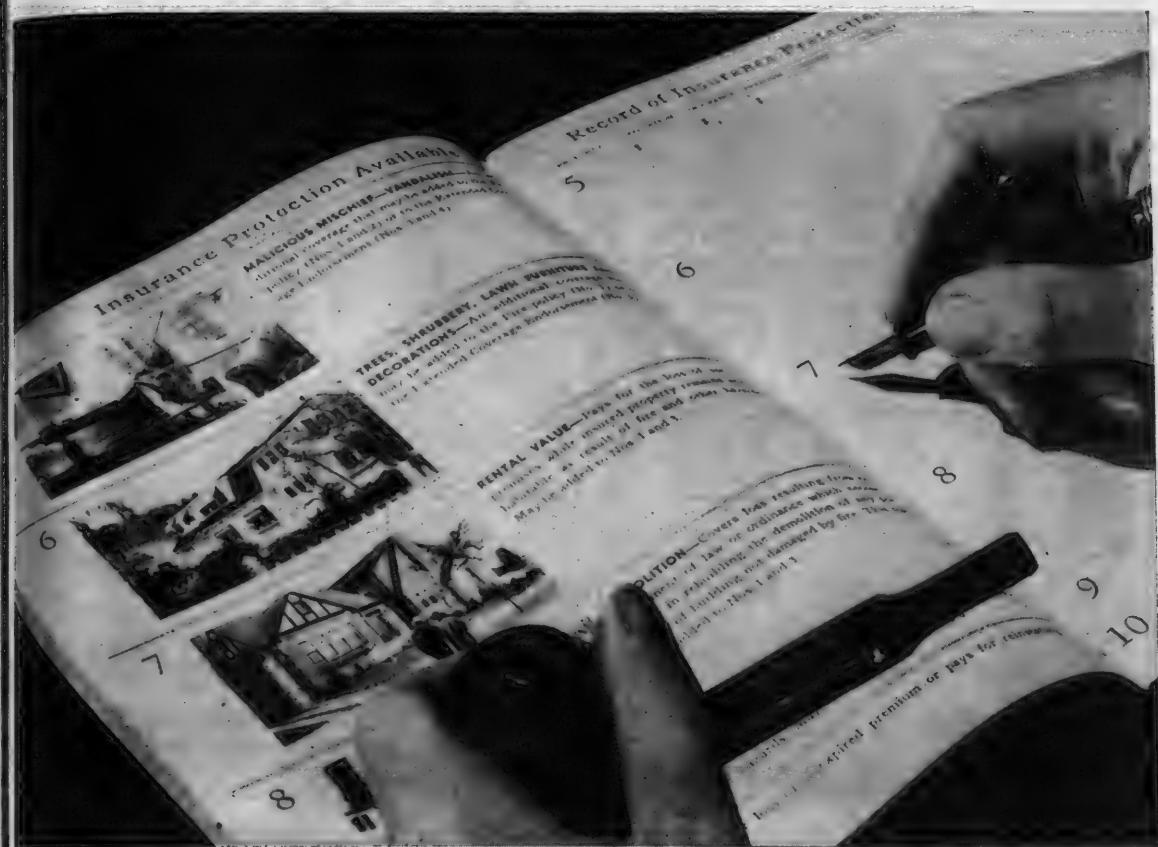
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Mr. Kleitz



Mr. Gardner



What do you know about your insurance?

Do you know whether your fire insurance covers damage to possessions of guests or servants? Can you say, offhand, whether your burglary insurance also covers damage caused by burglars? If unable to contact your agent in an emergency, have you a written, complete record to tell you whether you are

fully protected? *You need this free U. S. F. & G. Personal Insurance Audit Book!*

Clear, simply-worded, and with each hazard illustrated, this new Personal Insurance Audit Book enables you to make your own complete insurance audit: It provides a permanent record of property value,

amount of present insurance, premium rates, expiration dates, etc., thus giving you your fire and casualty insurance picture at a glance. To obtain your copy, simply fill out and mail the attached coupon. Your Personal Insurance Audit Book will be delivered to you promptly. Mail the coupon today.

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MAIN STREET—Continued

Staff promotions recently made by the Mercantile-Commerce Bank and Trust Company, St. Louis: FRANK J. SAIN, formerly assistant vice-president, to vice-president; W. J. CHAPMAN, formerly manager of the credit department, to assistant cashier; LEIGHTON E. DONAHUE from assistant manager to manager and W. F. ASHLERT to assistant manager of the Savings Department. CONRADINA M. RISCHBIETER, assistant manager of the foreign department; HOWARD E. LABARR, manager of the credit department; WINSTON G. ETTLING, assistant comptroller. ADOLF O.

HANSER, formerly cashier of the west-end bank, was elected vice-president and FRANK B. MERGET, formerly assistant cashier, was made cashier.

I. A. LONG, vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis, has been appointed to the Special Committee on Mass Transportation by the mayor of St. Louis. This committee will plan post-war changes in the St. Louis street car and bus service and consider the possibility of constructing subways or elevated lines.

HARRY WILKINSON, former editor of

the "Chicago Banker," sent BANKING a clipping about the death of WALTER BYRON SMITH, a director of the Northern Trust Company and chairman of the board of the Illinois Tool Works. HARRY is now 87 years old and retired. He writes that he is the oldest depositor in the Northern Trust Company, both in age and in the length of time he has carried a deposit. His years do not prevent him from taking a lively interest in people of the banking world and he is one of our best volunteer reporters.

Promotion of Lieutenant Colonel DEAN J. WELLS to that rank has been announced by Brigadier General H. N. Gilbert, U.S.A., director of the War Department's Office of Dependency Benefits in Newark, New Jersey. Colonel WELLS is officer in charge of the Plans and Training Branch of the ODB.

Before entering the Army as a captain in 1942, Colonel WELLS was vice-president of the Commercial National Bank, New York City.

O. HOWARD WOLFE, vice-president of the Philadelphia (Pa.) National Bank, has been loaned by his bank to the city of Philadelphia to install a modern system of tax collection. Mr. WOLFE recently returned to the bank after almost three years in the public service, first with the Philadelphia Ordnance District and later as manager of the Pennsylvania War Finance Committee. He is a member of the faculty of The Graduate School of Banking, sponsored by the American Bankers Association at Rutgers University.

AUGUSTUS S. COBB, vice-president, Bankers Trust Company, New York, has assumed duties as a part-time consultant and adviser to the Office of the

(CONTINUED ON PAGE 125)

Frank L. King, president, California Bank, Los Angeles, is shown with Gayle Gulickson, honor student at Belmont High School, who became "president for a day" on business and industrial day during Boys' Week of 1945



A USEFUL HANDBOOK OF INFORMATION ON U. S. GOVERNMENT SECURITIES



Of worthwhile help to banks interested in U. S. Government Securities is this new Northern Trust Company booklet containing charts, tables and information usually sought by those interested in such securities. Write for your copy.

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CHICAGO 90, ILLINOIS

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These smart-looking
**ALUMINUM
WINDOWS**
add Sales Appeal
to any house

DOUBLE HUNG WINDOWS IN 9 STOCK SIZES



TYPE A

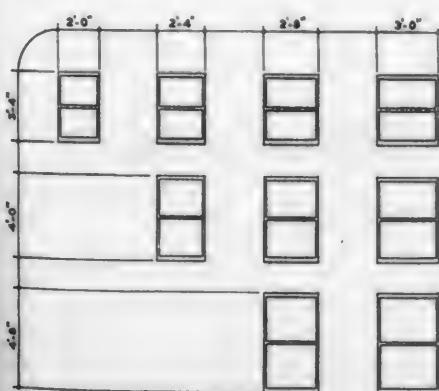


TYPE B



TYPE C

OPTIONAL MUNTIN ARRANGEMENT



AVAILABLE STOCK SIZES

ALWINTITE Aluminum Windows will increase the resale value and marketability of any house you finance.

Their continued ease of operation, their freedom from painting and costly upkeep, and their permanent, weather-tightness are but a few of the many outstanding features that appeal to every home owner.

These new ALWINTITE Aluminum Windows will soon be available for residential building—both individual and multifamily dwellings—in 9 double hung and 8 casement stock sizes to fit the most popular size window openings.

Despite their low cost, these new windows will embody the best design and construction features of fine quality windows. They will have patented built-in stainless steel weatherstripping and will be supplied completely assembled, adjusted, and ready to install.

Get the full story about ALWINTITE Aluminum Windows today. Write for a copy of our new descriptive booklet, "A Better Sales Outlook."

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34-27 Tenth Street, Long Island City 1, N.Y.

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Light conditioning is an exacting science. Not only "how much" light, but "how good" are the questions with which Frink engineers concern themselves.

Frink L-I-N-O-L-I-T-E fluorescent lighting fixtures will provide the scientifically diffused illumination that will be demanded after the war. Each room will be evenly aglow at just the level of illumination proper for the work done in it. Eye comfort never before attained will be a commonplace.

In stores merchandise will look better and sell faster. Office workers will do their jobs with greater ease. There will be fewer accidents in factories, greater accuracy in reading precision instruments. In fact, wherever artificial light is used, "better seeing" will relieve eye strain and make for lifelong benefits.

Yes, real "light conditioning" as supplied by Frink L-I-N-O-L-I-T-E lighting fixtures can bring great benefits in the bright—but not glaring—new era that final peace will usher in.

FRINK
LIGHTING SINCE 1857
L-I-N-O-L-I-T-E
Reg. U. S. Pat. Off.
THE ULTIMATE IN FLUORESCENT LIGHTING

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MAIN STREET—Continued

Army-Navy Liquidation Commissioner.

The appointment of Mr. COBB is in line with the policy of the OANLC to secure outstanding business leaders to aid in the vast and complex business of disposal of all overseas surplus of the armed forces.

R. T. BARBER, former assistant cashier of the Rapides Bank and Trust Co., of Alexandria, Louisiana, has been elected vice-president, and OTEY WHITE, former assistant cashier, has been made cashier.

HUGH C. GRUWELL, formerly vice-president of Bank of America, Los Angeles, has been elected executive vice-president of the First National Bank of Arizona and its affiliate, the Phoenix Savings Bank and Trust Company.

Mr. GRUWELL started his banking career in Montana, 33 years ago, later going to Seattle, Washington, as vice-president of the Peoples National Bank. He has served in various capacities with the Bank of America, since he joined the organization in 1936.

Major E. P. PEACOCK, JR., vice-president, Bank of Clarksdale, Mississippi, on leave, has been promoted to rank of lieutenant colonel. Colonel Peacock is with the 31st (Dixie) Division and has been in the service four and one-half years, the last 16 months in the South Pacific.

Lieutenant Colonel RUSSELL MURPHY, an assistant secretary of Mississippi Valley Trust Company, St. Louis, who has been on leave of absence since 1942 and serving with the Army Air Forces, has returned to this country after more than two years as chief of an Intelligence Section of the 15th Air Force in North Africa and Italy. He will resume his position with the bank.

Recent promotions at the Emigrant Industrial Savings Bank, New York City, include: JAMES J. ROONEY, vice-president; TIMOTHY J. MURRAY, assistant auditor; and HENRY KALLENBRON, assistant comptroller.

After three years of service in the Army Air Corps, ROBERT M. ALTON has returned to his civilian job as vice-president and trust officer of the United States National Bank in Portland, Oregon. He was retired with the rank of lieutenant colonel.

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J. G. GAMBLE . . . Attorney
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J. W. HUBBELL . . . Vice President

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R. R. ROLLINS . . . Vice President

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Should Banks Sell Insurance?

K. N. BURT

MR. BURT, Pacific Coast manager of *The Rough Notes Company*, with headquarters in San Francisco, expresses a point of view on the sale of insurance by banks that will interest a great many bankers, even though they do not agree with it. Frank P. Powers, president, Kanabec State Bank, Mora, Minnesota, at BANKING's request, gives his views on this subject in a letter accompanying this article.

POST-WAR PLANS of many local banks are fast taking shape for entering or extending their operations in the automobile and other consumer credit fields.

In many instances, these banks are also engaging or plan to engage in the insurance field, either openly as an insurance agent or indirectly through an owned or controlled insurance agency. They feel they are in a position to control the placing of the insurance that will be required in connection with loans and are attracted by the possibility of increasing their income by obtaining the commissions on such insurance.

Where such competition from local banks exists or appears likely to come into existence, state and local insurance agent associations should endeavor to get the offending bank to reconsider its position and refrain from going into competition with local agents. It must be remembered that self-interest is always the motivating force that influences action. Too often in the past local agents individually or acting collectively through state or local associations have looked at the problem and have presented their case to the offending bank solely as viewed by them acting in their own self-interest.

It is suggested that the only sound method of approach is to look at the situation through the eyes of the banker, namely, his self-interest.

Human nature being what it is, there is a very normal tendency on the part of the banker to see clearly and quickly the addition to his net income immediately available to him through commissions to be obtained on insurance business written in connection with automobile and consumer credit loans.

Insurance agents should not take it for granted that in measuring the value of the immediate income that is in sight, the banker has given full or any con-

This Bank Does

Frank P. Powers, president of the Kanabec State Bank, Mora, Minnesota, a bank that sells insurance, was asked to comment on this article. He said:

MR. BURT's article is well prepared, but it is written entirely from one angle. In attempting to answer it, it must be remembered that I am operating a country bank situated in the Northwest where all banks outside of the large cities are engaged in the insurance business.

Some insurance companies are most anxious to secure banker agencies, as, naturally, they are good agents to have because bankers have an excellent opportunity to develop business, and in most cases they pay their accounts promptly. This is a very important item.

From the standpoint of the average banker it seems to me his argument, which is largely centered around the matter of bank balances, is rather weak. Naturally, all banks wish to avoid relations that will mean a loss of business, but if a bank has an insurance department which is functioning properly the revenue from that department will be so great that the loss of a few insurance agents' accounts would not be of any great importance.

Another important factor to consider is the fact that where a bank such as ours writes a large volume of insurance it naturally follows that a great many customers come into the bank that might otherwise go somewhere else. In this connection, I might state that the 1945 session of the Minnesota Legislature enacted a law that makes it practically compulsory for everyone to carry public liability insurance.

The manager of our insurance department was so busy prior to July 1, at which time this law went into effect, that he was unable to spend any time in the country soliciting liability insurance. Nevertheless, we wrote over one hundred new liability policies and all of the people purchasing this insurance called to see us personally.

sideration to the possible adverse effects upon his position in the community and his long-range profits.

IN this connection, let us seek to analyze all of the factors which logically should be considered by a bank in making its decision to enter or to refrain from entering into competition with the local agent. In favor of entering into such competition and as indicated above, the banker sees a sizable volume of insurance commission income that can be added to his profits. It is not probable that the banker either looks to the other side of the picture or if he does that he attaches any great weight to the adverse factors.

In the first place, as an adverse factor, the banker should consider carefully and measure the probable loss of deposits. It is well known that to attain a reasonable ratio of profits a banker must be able to employ a far greater portion of the money of the public than his own invested capital. The banker

must be able to attract and hold deposits. The ability to do this depends mainly upon two factors—goodwill and confidence. Whatever creates or increases friction or antagonism detracts from goodwill and destroys confidence. Certainly when the banker enters into competition with local agents, he incites enmity, loses goodwill, and destroys confidence.

The banker should reasonably expect, therefore, that deposit accounts carried with him by local agents will be withdrawn and transferred to a competing bank that is not in competition with his depositors. In the aggregate, this direct loss of patronage may be large or small and may not be considered by the banker to be sufficient to offset the large earnings to come from the insurance commissions. No doubt it has been this considered and weighed by banks which are now engaged or which have decided to engage in competition in the insurance field.

(CONTINUED ON PAGE 128)

Gwynn F.
HARRY R.
ROBERT B.
CLARENCE

JOHN W.
HENRY A.
RUSSELL E.
CARL C.

JOHN R.
HARRY H.
LEON J.
LESTER H.

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Vice-Pr.

ROY E. A.
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Manufacturers
Cornell
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The Union
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C. HARVEY
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W. J. C.

ARTHUR
Chairman
VOLNEY
President
The Union
of Indiana
FERNAND
President
Railroad
Savings
G. A. E.
President
Hauer

BRODEUR
Secretary
Indiana
EDGAR
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Chairman
BANKING

September

THE INDIANA NATIONAL BANK OF INDIANAPOLIS

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Harry H. Wintrode Elmer C. Klinge
Leon J. Boersig Thomas F. Killila
Lester H. Rahn William L. Hereth

Auditor

J. Kurt Mahrt

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Vice-President Assistant Vice-President

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Manufacturing Co.*

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Executive Vice-Pres.

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*President-Treasurer,
Inland Container Corp.*

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*President, Gregory &
Appel, Incorporated*

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*President,
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WILLIAM A. ATKINS
*Vice-President,
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*President,
John J. Madden
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Atma-Evans Co.

WILLIAM H. THOMPSON
Attorney

RUSSELL L. WHITE
President



STATEMENT OF CONDITION JUNE 30, 1945

RESOURCES

Cash on Hand and on Deposit with Federal Reserve and		
Other Banks	\$ 72,420,835.29	}\$ 228,686,414.92
U. S. Government Securities	156,265,579.63	
Other Bonds and Securities		22,498,688.85
Stock in the Federal Reserve Bank		360,000.00
Loans and Discounts		39,316,959.16
Banking House		100,000.00
Accrued Interest Receivable		745,519.39
Other Resources		27,456.50
		\$291,735,038.82

LIABILITIES

Capital	\$ 4,000,000.00	
Surplus	8,000,000.00	}\$ 15,375,436.18
Undivided Profits	3,375,436.18	
Interest, Taxes and Other Expenses Accrued and Unpaid		644,084.22
Dividend Payable July 2, 1945		120,000.00
Deposits (Including U. S. Government		
Deposits \$52,843,758.03)		275,556,050.33
Unearned Discount		25,548.60
Other Liabilities		13,919.49
		\$291,735,038.82



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FOUR FACTORS AND THE FUTURE

Four factors promise to be extremely influential in the American economic scene throughout the immediate future. They are:

- (1) *The tremendous backlog of deferred demand for the goods of peace.*
- (2) *The unequalled reservoir of buying power.*
- (3) *The flood of new products and new services.*
- (4) *The growing number of new individual investors.*

These will be uppermost in the minds of policy-making executives for a long time to come, and many corporations will need the services of competent financial counsel.

Hornblower & Weeks, as a firm, has been prominent for more than half a century in the financing of various American enterprises—some of them great in stature—all important to our economic system.

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Should Banks Sell Insurance?—Cont.

It is questionable, however, whether, in reaching this decision, such banks have looked beyond the possible, immediate loss of deposits from insurance agents in the community. It should be self-evident to any banker that, where the bank enters upon an activity which brings it into open competition with a considerable class in the community, it will experience a noticeable loss of both goodwill and confidence and create an active group having an antagonistic attitude toward it. The bank may eat away the cake of goodwill and confidence for the temporary satisfaction of garnering the profits from writing insurance, but it follows naturally that the ability of the bank to reap continuity of profits through the use of the public's money will be curtailed to the extent of the size and influence of the group that it has offended.

As a second adverse factor, the banker should remember that when any institution enters upon a course which is destructive to the legitimate activities or well-being of others, it is tearing away its own foundations and there should be no illusions with respect to the back-lash from the field entered. The reaction will be sharp and incisive, as the law of self-preservation on the part of the insurance fraternity will build a resentment and moral force against the bank which will find reflection in a loss of deposits and an eventual reduction of the earning power of the bank.

Not only does the insurance fraternity resent the intrusion of a bank into its field, but, even more strongly, it resents the coercive tactics which are

(CONTINUED ON PAGE 130)

Leaders in the development of the atomic bomb: *l. to r.*, George L. Harrison, engineering advisor; Major Leslie Groves, who supervised the project; President James Conant of Harvard; Dr. Vannevar Bush, director of the Office of Scientific Research and Development



PRESS ASSOCIATION



Help Keep Your Farms PROSPEROUS

Most bankers know more about farming than farmers know about financing. You can help yourself and your community by assisting and guiding the farmer toward profitable production.

No investment is more sound than money spent for the modern, cost-cutting implements necessary to make the farm pay a profit... and during the war, farm machinery proved its efficiency as never before. The Massey-Harris Self-Propelled Combine, for example, in the Million-Acre Harvest Brigades of 1944 and '45, proved its ability to harvest more acres per man, per hour, per gallon of fuel and per dollar than any other type of combine. Massey-Harris builds a complete line of cost-cutting implements of field-proven efficiency.

Your local Massey-Harris dealer will help you contact worthy farmers who need financial help and guidance.

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AS THE PENDULUM SWINGS BACK

Already it is beginning its slow, powerful swing back—war contracts are being curtailed—reconversion is starting. Use direct mail to keep your customers and prospects informed of your post-war plans. Direct mail can carry your timely message effectively to those you want to reach during the reconversion period. Make direct mail a definite part of your post-war plans. Plan the envelope to carry your direct mail carefully. The envelope is an important part of any direct mail campaign. Be sure the envelope invites the reader inside and keeps your mail from reaching the waste basket unread.

With 60 years of experience, TENSION KNOWS how to make better envelopes. Tension envelope experts have five factories to draw on when you can depend on Tension to supply your needs. The nearest factory. A Tension representative will be glad to consult with you regarding your present and post-war envelope needs. Phone or write our nearest factory.

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*Originally Berkowitz Envelope Co.

Should Banks Sell Insurance?—Cont.

employed to obtain and control the business. The loss of the bank is not limited to the loss of the deposits maintained with it by its depositors who are insurance agents. The sphere of influence of an insurance agent is limited only by the number of contacts of such agent, which certainly includes his immediate family group, his intimate friends, and his present clients. Beyond this group, it extends to acquaintances, prospects, and all with whom such agent ordinarily comes in contact during the course of his work.

Thus the banker whose competition in the insurance field jeopardizes the livelihood of insurance agents, is building up a veritable army of antagonists whose aggregate influence is bound to have a substantial, adverse effect on the profits of the bank. Not only will it suffer the loss of deposits, but loans that might otherwise be made by such bank will be influenced by this army to go to other lending institutions which do not compete.

It is submitted that the banker who looks to the future and who hopes to maintain the confidence and goodwill of those in his community, from whom he expects to obtain deposits and loans, can ill-afford to create antagonisms of this kind and to this extent. That many bankers have avoided this mistake is evidenced by the increasing number of bankers who are seeking actively to cultivate insurance agents, recognizing them as one of the most prolific sources of deposits and loans for the bank.

In my opinion, insurance agents should not rely upon the probability that banks will see this side of the picture, but, if competition is to be discouraged, affirmative action should be taken by the insurance fraternity in a community to make certain that bankers do look at this side of the picture and not solely at the immediate addition to profits by way of insurance commissions.

Some people are bent with work; others get crooked trying to avoid it.

Can you remember what a dollar would buy in the old days when the monopolies fixed the prices?

A conservative is a fellow who thinks a rich man should have a square deal.

We hope that the world has seen its worst days.

Four ways to sell more...



1. "The Bairds are moving away tomorrow, going back to their home. I just sold them \$500 worth of American Express Travelers Cheques to use until they get settled and make a new banking connection."



2. "Good idea, Bill. So many people are on the move now, there are more opportunities to sell Travelers Cheques than ever before. I make it a point always to suggest them to business people making trips."



3. "Yes, and for service men and women American Express Travelers Cheques are the ideal way to carry travel funds. They're spendable anywhere and if any are lost or stolen, there's a prompt refund."

4. "That's right. These cheques are good protection for furlough and discharge funds, too. I usually show 'em this 'May I Suggest' reminder slip, so that they'll know about American Express Travelers Cheques."

FOR other sales suggestions and advertising material that will be useful in selling American Express Travelers Cheques, or for information about other American Express World Services, write W. H. Stetser, Vice President, American Express Co., 65 Broadway, New York 6, N. Y.

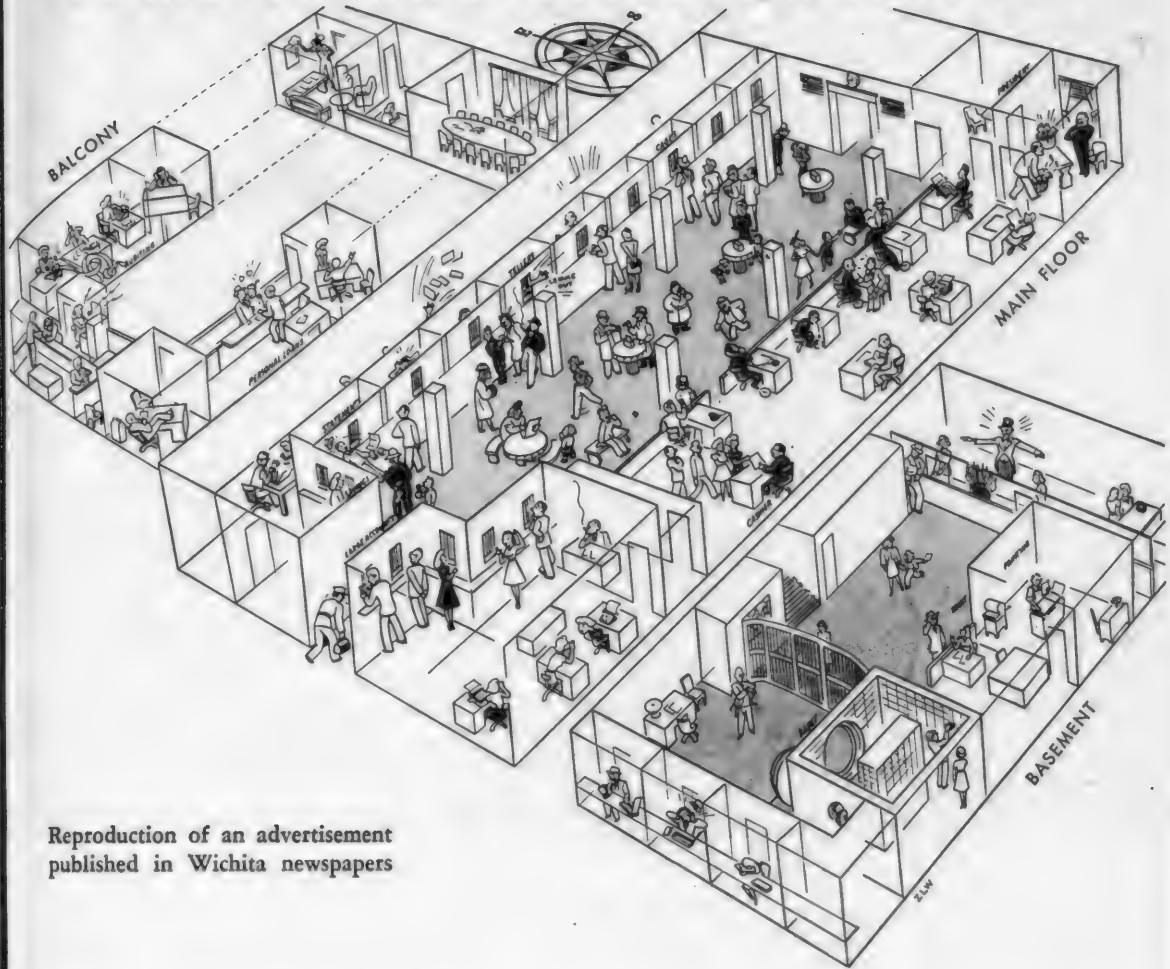
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MEMORANDUM

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Will Consult
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Your Architect
On Your Post-War
CONSTRUCTION PLANS

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Reproduction of an advertisement published in Wichita newspapers

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THE FOURTH NATIONAL BANK IN WICHITA

Douglas at Market
MEMBER FEDERAL DEPOSIT



Wichita 2, Kansas
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America's "Age of the Air" is coming of age!

In the air America will weave a pattern of industrial progress. For over a warp and woof of sky lanes, more people will go more places, more quickly—more mail and goods will move.

A national airport program is being developed to make air transport a more important part of the country's transportation system, with more than 3,000 brand new airports—of which more than 2,000 are to be in communities which now have no airport facilities.

The nation is ready with wholehearted public and commercial acceptance of the idea of high-speed travel and express by air. It is ready too, with the skilled directing and operating personnel—the great new air system will use hun-

dreds of thousands of war-trained pilots, airport managers, technicians and mechanics.

The opportunity to start construction or expansion programs may arrive suddenly, most any time. Be prepared for the moment when men and materials are available. Maximum value in construction demands sound planning, and efficient and economical execution.

A.G.C. General Contractors have the skill, integrity and responsibility to execute the projects and deliver the completed facilities and structures at a specified time and predetermined cost. The A.G.C. Emblem identifies the firms with the ability and equipment to build or improve your airport speedily and satisfactorily.



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SKILL, INTEGRITY AND RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS AND PUBLIC WORKS

Six Consumer Credit "Musts"

(CONTINUED FROM PAGE 65)

At our bank we intend to handle floor plans by means of a trust receipt, and our counsel tells us this is as good a method as any for setting up merchandise on the dealer's floor. As a unit is sold, the dealer remits to the bank the amount owing on that particular unit, and if it is sold on an instalment lease basis, he may direct us to deduct from his proceeds of the lease, the amount necessary to satisfy the note or trust receipt. One of the most important features of this arrangement is a frequent check of the merchandise by the bank, and we are now planning to have our representative visit the dealer at least once a month to take a physical inventory to determine whether the dealer is fulfilling his agreement. If our representative finds some items have been sold but not paid for, he will make immediate demand for payment.

Floor-planning, as such, may never be really profitable because of the expense of preparing papers and checking the collateral. However, it is a means of obtaining the desirable and profitable retail paper of a dealer and, properly administered, it can be at least a "break-even" operation.

(5) *Service.* Service is an all embracing term that means everything to you and to the dealer. It is something the dealer expects and can get from your competitors, and we must offer him the same thing.

Let's take first the question of service on investigation and approval. The first essential of any consumer credit set-up is a system of prompt investigation. You will not get the business if you take two or three days to determine whether John Jones meets your requirements. You must have the means of verifying his employment, his residence and his credit or paying record in a few hours, and if your local credit bureau cannot or will not get you this data promptly, then you must get it yourself. I have no complaint with the credit bureaus, but they sometimes slow up in their efforts and your dealer won't take that as an excuse for holding up delivery of the appliance to his customer.

Having made the investigation, you must make up your mind quickly whether or not you want the deal. Some banks have a meeting of a committee every other day, at which time they discuss the pros and cons of the pending John Jones deal for a refrigerator, his character, his ancestors, etc.

Such a system will not work. If you are going to give the service expected, you should appoint a good, capable man to approve these deals, and tell him to go ahead.

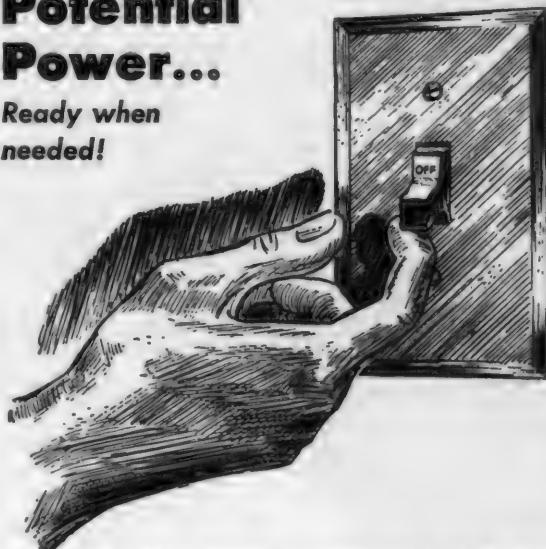
Other phases of this service idea are equally important. Some years ago, before Regulation W, a "winter plan" was in effect on refrigerators, whereby a person could buy a refrigerator in December without a down-payment,

and the first payment was scheduled for March. I'm not arguing that it was a sound plan, but it was a universally accepted plan, and practically all dealers had it available for their customers. The point I want to make is that when a special plan comes along, approved by the manufacturer and agreed to by the finance companies, we must also accept it in order to give the dealer all the tools with which to work. That is a part of the service you must be prepared to offer—a complete financing service.

(6) *Collections.* While last on the list, the subject of collections is no means least in importance. It will do no good

Potential Power...

Ready when needed!



• The potential power embodied in the electric light switch requires only a simple touch of the hand to convert this stored-up energy into an active force.



The potential power of an insurance policy likewise may never be considered until the need for its protection comes into being. At such a time—so often critical for the victim of fire, windstorm or other catastrophe—the power behind the policy is ready to play its active role of paying the cost!

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and watch
MARCHANT
turn it
out!"**



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to get the business if we don't collect it efficiently and effectively.

In the past several months I have heard several bankers talk about their one- and two-day collection schemes. That is, if the customer hasn't paid one day after the due date, the bank immediately calls or writes him. This may be extended to the second day, and those who use such a close follow-up feel they are doing the right thing. I don't agree. The average small borrower or instalment buyer takes his obligation seriously, but we should recognize that he does not have a book-keeper or an accountant to remind him that on the 16th of each month he must make a payment to the bank. They are not concerned about being a day or two late, and most of them feel that if they pay within 10 days they are doing all right. So do I. In fact, if I could be sure that all our customers would pay within 10 days, I would not send out a notice for 10 days, and I'd be ahead of the game.

Unfortunately, some people must have a reminder before paying. To take care of them, we have a five-day collection system, the first notice going out at the end of five days and a series of notices being released every five days thereafter. That seems to work out very well, but I don't mind saying that we made a test not long ago, and found that if we had used a seven-day system instead of a five-day system, one-third of the notices could have been avoided. That is a big saving in collection expense, and we may later change over to a seven-day follow-up scheme.

It is very important to consider carefully the spacing of the collection follow-up, not only from the expense angle but also because of the effect it may have on customers and dealers. You don't want to antagonize customers, nor to have your dealer accuse you of being too tough, but you will get that reaction if you are too strict in follow-up procedure.

We know, of course, that we are going to have badly delinquent accounts, 30 days or more past due. To collect these accounts requires a special effort, and I really don't know of any rules and regulations that can be set down. I can say only that you will have them, and if your volume is large enough, you may have to employ the services of an outside man to visit such customers. Many people will not pay except after continued personal follow-up. It is important, however, that such accounts be kept at a minimum and that you set up an efficient system for following them.

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Accident Insurance paid up in full to March 1946 for only \$4.00. This is our Special accident policy with \$50.00 weekly benefits payable for two years with principal sum of \$5000 for loss of life, limbs or sight.

Sickness and Hospital policies at correspondingly low rates in an Association with 40 years of successful service to Bankers.

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Nylon Hose—made from coal. Making them will make jobs.



Fireproof table-tops made from coal. More jobs in the making!



The new, fast, coal-burning, steam-turbine electric—big source of jobs.



Power to turn postwar wheels. More jobs from coal.

How Many Postwar Jobs—from Coal?

WHAT OPPORTUNITIES will there be for jobs after the war? Jobs for returning soldiers, sailors, war workers?

No one can say, exactly. But this much is known: business is planning to meet quickly the demand that will exist for all sorts of things after victory—and out of which jobs will come.

Take the coal industry. Not only will coal continue as one of our basic sources of power, but from coal research have come a host of new products, even further increasing its use.

Before the war, nylon was made from

coal. So were the life-saving sulfa drugs. During the war, new medicines, chemicals, plastics and things beyond imagining have grown from research in coal.

Postwar, you will find sheer, wrinkle-proof dresses made from coal. Sturdy shoes made from coal. Shimmering, fire-proof table-tops made from coal. There are even revolutionary locomotives—including the C & O-planned steam-turbine electric—that operate on coal and develop undreamed-of smoothness and efficiency.

All this will increase the demand for coal—and demand for goods makes jobs.

If you have a war job, stay on it—there'll be lots of opportunities after Victory!

After the war, there will be lots of opportunities. So, if you are on a war job, stay on it until Uncle Sam says it's finished. Victory must come first.

*A Report on the Prospects
for Postwar Employment
In The Industries Served by*

**Chesapeake & Ohio
Lines**

Cleveland

CHESAPEAKE AND OHIO RAILWAY
• **NICKEL PLATE ROAD**
• **PERE MARQUETTE RAILWAY**

Canadian Resources

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The vast resources of Canada—as varied as they are great—contribute both directly and indirectly to making the normal trade between Canada and the United States the greatest bilateral exchange of goods in the world.

Your customers may now be considering ways and means to share in that trade, which offers them not only a dependable and near-by source of raw materials and processed goods, but also a great market for their own finished product.

Accurate information is the first requirement. As one of Canada's oldest and largest banks, we are in a position to offer practical help and guidance in making new business contacts and in facilitating existing trade arrangements.

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Profit-Sharing Plans for Bank Employees

Profit-sharing plans for bank workers are in some respects much the same as retirement pension plans, which were described in last month's BANKING in a summary of the study of both types of plans made by A.B.A. Deputy Manager EDGAR E. MOUNTJOY. The following article focuses on some of his findings about profit-sharing plans. A complete report on both will be available to banks in the near future.

PROFIT-SHARING plans provide a form of additional compensation recognized for many years and distributed in a variety of ways. Sometimes the earlier plans were informal and with little implication of regularity. However, Federal encouragement to the creation of plans, and certain wartime controls thrown about them, have made it advantageous to follow a few designated patterns. Thus most of the plans established recently are formal programs based upon definite contractual obligations assumed by the employers. This is the type of plan studied by Mr. Mountjoy.

The statutes do not define such a plan, but the Commissioner of Internal Revenue has described it as: "A plan established and maintained by an employer to provide for the participation in his profits, by his employees or their beneficiaries, based on a definite predetermined formula for determining the profits to be shared and a definite predetermined formula for distributing the funds accumulated under the plan after a fixed number of years, the attainment of a stated age, or upon the prior occurrence of some event such as illness, disability, retirement, death, or severance of employment."

IN some of its purposes and effects a profit-sharing plan is like a retirement pension plan, for it is subject to the requirements of the same statutes. However, the differences are obvious enough to distinguish it rather readily.

"A fundamental variance is that an employer is committed to contribute to a profit-sharing plan in only the years in which profits are earned," says Mr. Mountjoy's report. "The business is not burdened with an additional inflexible obligation. Rather, the cost is measured by the earnings of the employer and always is a relative sum which may be offset in part by the results of the greater efficiency engendered by the plan."

"Another difference is that no actuarial computations are involved. A program in which either the contributions or the benefits can be determined actuarially cannot be treated as profit-sharing. Each participant is entitled to his proportionate share of the fund, whatever it may be, but nothing more. No specific amounts are guaranteed. In spite of these differences, though, there are some overlappings, and it is possible to incorporate some pension features in a profit-sharing plan."

Legal requirements and restrictions for profit-sharing plans are contained in provisions of the Internal Revenue Code and the Emergency Price Control Act administration of the latter being vested in the War Labor Board and Salary Stabilization Unit. The report summarizes these requirements and limitations, such as the tax advantages enjoyed by qualified plans and requirements to obtain tax advantages, the amount of employer deductions permitted as reasonable business expense, the methods and timing of distribution of funds to employees, and other matters. Many of the limitations stem from wartime enactments and may be expected to be removed.

DUE to the restrictions imposed by regulations, plans now being established have one of two primary objectives. Either their distributions are planned for the earliest date possible—not less than 10 years after creation of the plan, and payments are made over a period of not less than 10 years thereafter—or distributions are made upon retirement of the employees. Thus a profit-sharing plan may be made in cases of illness, disability, death or severance of employment.

Under a profit-sharing retirement plan payments may be made after retirement through a series of instalments, or through purchase of annuities, or in any other desired way, according to Mr. Mountjoy's report. "Instalment payments may be made to approximate life annuities by distributing them over the average expectancy applied to the individual. Obviously the fund might be exhausted while the employee still is alive, or a portion of it might remain after his death. That possibility cannot be avoided, though, because payments can total only the amount of the individual's share. Guaranty of a fixed annual payment for life would involve actuarial computation."

"The impossibility of determining in advance the amount which will be available at retirement time under a profit-sharing retirement plan, theoretically might make it a bit less attractive. The uncertainty of the amount might be contrasted with the guaranteed payment of a definite sum for life under a retirement pension plan. However, in mitigation of whatever force there might be in such a position, it should be pointed out that the larger contributions which employers may make to profit-sharing plans might produce larger allowances to participants. A series of unprofitable years could have an effect upon either type of plan. Also, if it is desired that a fixed amount be paid each year after retirement, it may be provided through the purchase of a single premium annuity."

IN a section devoted to bank plans for profit-sharing now in effect, the results of a study of 35 plans are given. About 60 per cent of them were established after passage of the Internal Revenue Act of 1942, and most of them conform to requirements of that law and achieve the tax advantages it offers.

Another section concerns employer contributions. The report says: "The amount of profits to be shared with employees is largely within the discretion of the employer. Neither a maximum nor a minimum is fixed by statute. Regulations require, though, that the amount, or a method by which the amount may be ascertained with certainty, shall be prescribed under a definite predetermined formula and made a part of the plan. It may be an unchanging percentage of profits or it may be different percentages of higher or lower dollar amounts. The schedule, however, must be specific."

Some formulas acceptable under income tax regulations are listed therein. Other formulas also are acceptable so long as they are definite, and a variety of such formulas in use in bank plans are described.

The Commissioner of Internal Revenue does not prescribe the method of allocating funds to the individual participants, but allocation is required to follow a specific schedule. Some plans provide merely that the funds shall be allocated to participants in proportion to their salaries. Other plans described use a formula basing apportionment upon a combination of service and

(CONTINUED ON PAGE 155)

*Times of widespread change
always multiply the need for
dishonesty insurance. The
critical period ahead will
stress the value of a strong,
long established insuror,
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FIDELITY, SURETY AND BANKERS BLANKET BONDS
BURGLARY, ROBBERY, FORGERY AND GLASS INSURANCE

**FIDELITY AND DEPOSIT
COMPANY OF MARYLAND**

Baltimore, Md.



SINCE 1890

WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

North of the Border

NEW and unusual functions have recently been undertaken by the Canadian banking system requiring a quite considerable volume of extra work, in addition to some exceptional administrative problems involved in the welcome but difficult transition of the national economy to a peacetime basis following Japan's surrender.

One of these functions is the handling, without charge, of nearly 1½ million Dominion Government checks per month under the Family Allowance Act referred to in last month's BANKING. The payments may aggregate \$250 million per year and will find their way through the commercial banks. The initial entries for these will be followed, of course, by numerous subsequent transactions, deposits and withdrawals therefrom, re-deposits and the additional currency movements inward and outward, all ending in a mass of interbranch and interbank clearings. This work is of a permanent character, for the family allowance payments are part of the Government's perpetual social welfare program (the overall cost of which may

eventually exceed \$500 million per year) and are regarded as a redistribution of part of the national income, to which there is no open, widespread objection.

Another new function, an advisory service for war veterans, is of a more or less temporary nature. The Canadian veterans' rehabilitation plan is generous and comprehensive. It provides for deferred gratuities to supplement the regular rates of servicemen's pay, educational grants and land settlement credits. Men with long service have quite large sums accrued from gratuities pay-

able after discharge. Most of them also have savings in War Bonds. With such reserves at their command they are preyed upon by broker "sharks" who offer them rooming houses, restaurants, retail businesses and farms at exorbitant prices. A movement to protect these servicemen from such predatory practices has sprung up, and the banks have been asked to furnish all their branch managers (about 3,000 across Canada) with complete information on the rehabilitation plan and to instruct their representatives to afford, from their

*

A view of Canada's Eldorado Mine. The picture was taken several years ago



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intimate knowledge of local conditions, investment advice to veterans. Much of these bankers' time can, of course, be consumed in investigations and interviews in such advisory service.

The extra work involved in these new banking functions is partly offset for the time being by a decline in ordinary business routine consequent upon an almost general slackening in economic activity. Reconversion proceeds slowly notwithstanding widespread and heavy cuts in war production almost immediately following VE-Day. The nature of Canada's war production partly explains this situation. While this country's arma-

ment production, the fourth largest of the United Nations, was of such proportions and variety as to absorb over half of all productive facilities it was finally concentrated on ordnance equipment. This concentration was in accordance with the British-American policy of arranging that war production should be assigned to countries which could provide the quickest and best results. Thus Canada went out of tank production, but took on more gun and ammunition manufacturing, mainly in new plants not readily suitable for reconversion to civilian goods. Canada also took part in the development of the atomic

bomb. The Dominion Government assumed control of the Eldorado Mining and Smelting Limited, the company which owned and operated one of the world's two radium and uranium mines. The Canadian property, in the wilderness of the Arctic Circle, has been a source of the devastating element, uranium, that prostrated Japan. In another wilderness, on the upper Ottawa River in central Canada, the building of a new chemical plant was secretly commenced last Autumn to furnish some of the most vital ingredients of the atomic bomb, not only uranium but also plutonium and "heavy water."

War contract cancellations have caused industrial production to decline steadily, until now it is below that of the Summer of 1943. It will drop below the present level, as war production will of course be cut further, while the output of civilian goods is not apt to rise by 25 per cent before the end of the year. Coupled with the industrial recession now under way is one in agriculture (farm production is fully 15 per cent less than in the bumper crop year of 1944) as well as a decline in metal mining and a drop in lumber production.

THE nature of Canada's armament production since it was coordinated with the British and American war programs seemed to promise that reconversion in this country would be more simple and easier all round than that of her English-speaking Allies. But this promise is coming true more rapidly than was really expected and reconversion problems are therefore being encountered more quickly than anticipated. The lessened requirements for war goods have meant therefore more and earlier pressing needs for the institution of official reconstruction measures. While private enterprise is to be given practically full play in reconversion and while the defeat of the Socialist Party in the last Federal election ensures against radical political designs, the Dominion Government has various economic stabilization plans of its own which require some official direction of and intervention in business in order to reach official objectives for the post-war national income, employment and foreign trade.

THE wartime growth of Canada's production facilities has opened up possibilities for profitable peacetime trading. Plan to take full advantage of postwar business opportunities in Canada.

Intimately associated with the growth of the Dominion for over a hundred years, this Bank is equipped to serve you with up-to-date banking facilities.

Enquiries are cordially invited.

The BANK of NOVA SCOTIA
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Coast to Coast in Canada

Newfoundland Jamaica

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Dominican Republic

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London, England
108 Old Broad St. EC2

General Office—
Toronto, Canada

If these objectives are attained, as seems probable, the national purchasing power will be raised by at least 15 per cent over the pre-war level, after allowing for price changes since 1939, and the field for banking operations correspondingly broadened. Meanwhile, a great deal of reconversion machinery, most of it already set up, must be put into motion.

The View Ahead

(CONTINUED FROM PAGE 34)

receiving more than \$75,000 per year. There are 59,900 bank officers in this country whose average salary is less than \$4,500 per year. Yet the average bank officer must spend from four to eleven years working in a bank after his school and college education before he receives his first promotion to officer-ship.

Here then is a group of over 59,000 men with an average experience of from 10 to 15 years working in 15,000 banks in 10,000 towns and cities, trained and equipped to render an intelligent service to people of average means. There is no comparable banking force in any country in the world.

In no country of the world can the ordinary man of small means open and conduct a banking business account as he can in America. Nowhere can he borrow say \$75 at 6 per cent and pay it back over a period of months. Nowhere can he start a college education fund for his youngster one month old and pay into it \$10 a month and after 210 months have available for the boy's education in college when he is 18 years of age \$2,100 plus interest. Nowhere in the world can we have Christmas Clubs and other devices encouraging savings as we do in American banking.

If the wave of the future is to be more democracy in our economic system—American banking by the services it has been performing is in tune with that wave length and ready to play its part.

Author Quotes BANKING

In her Houghton Mifflin book, "The Great Answer," MARGARET LEE RUNBECK quotes a story published in BANKING's September 1942 issue. It was told there by Bishop Bruce R. Baxter in "Faith Lives in America."

"In England," he wrote, "they are telling with glee of the prayer of the little girl who, in the midst of a succession of nights of terror by bombing, asked God to take care of members of her family, and then concluded, 'And now God, please take care of yourself, for if anything happens to you, we are all sunk.'"

Miss RUNBECK says "it is a significant measure of these times that such a story should be considered appropriate material for such a journal as BANKING."

The book is a collection of episodes about the use of prayer, by fighting people, in times of danger, and the answers they have received.

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of all departments assures rapid, efficient handling of every type of banking transaction. You are invited to use any or all of our facilities.

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You would probably be surprised to find what an exciting adventure it is to go through a modern paper mill—especially one where the paper is made complete, under one control, in a continuous process.

At Hammermill, on the lake shore in Erie, Pennsylvania, even a layman can see how paper is created—but it seems like an elaborate sleight-of-hand feat.



Starting with the raw materials, you see the finished product come into being step by step before your eyes. First you watch logs of spruce—which were grown on the company's own woodlands in Canada—sliced into chips by mighty power-driven knives.

You move along to huge digesters, four stories high, where these chips are "cooked" into pulp in a sulphur-and-lime acid mixture prepared right there by Hammermill's own technicians.

You follow on through the cleaning and bleaching steps, where the great masses of pulp turn to a snowy whiteness before they go to the paper mill.

Then the pulp goes into great tubs called beaters where, now looking like an agitated mass of soft ice cream, it is prepared for the papermaking machines under the eye of skilled craftsmen.

Then you see the pulp—now a milky fluid more than 99 per cent water—flow from the beaters onto a continuous belt of fine-mesh screen through which the water is drained and "shaken" away.

The moving sheet of pulp begins to look like paper to you now, and revolving cylinders implant the famous Hammermill watermark (the "best-known name in paper") into the moist fiber of the paper itself.



When the finished product is to be Hammermill Safety, the paper is then taken into a closely guarded room, where only a few trusted Hammermill employees are ever allowed. Here, by Hammermill's own process, the surface is sensitized so that any tampering will be instantly visible.

Made complete in one mill, every step under constant scientific control: that's why Hammermill Safety is truly uniform—in its strength, its smooth writing surface, its protective qualities.

We'd like you to know this fine check paper better. We'll be glad to send you without any obligation a Hammermill Safety sample book. No salesman will call. Just address (mentioning this magazine, please) Hammermill Paper Company, 1501 East Lake Road, Erie, Pa.

Helping the Veteran Reconvert

(CONTINUED FROM PAGE 62)

with the serviceman his experience, incentives, his choice of business, some of the problems involved, etc.

If, on the strength of this interview, the panel thinks the serviceman is qualified to undertake the business venture he has in mind, or some other business agreed upon, he is then scheduled to meet with a second group of business men in the special field which he wishes to enter; e.g. garage, retail store, restaurant, insurance, appliance dealer, etc.

Those who are not considered sufficiently qualified, after this first general interview, to undertake a business venture are then referred to a file of employment opportunities and manpower requirements maintained by the 167 member firms of the Richmond Sales Executive Club, plus other cooperating companies. If possible, the man is placed in a line of work where he can gain additional experience pointing toward going into business for himself later on.

As for those showing definite promise and good qualifications for potential small business men—after they have met with the panel of advisors in their own chosen field and have passed muster with these more specialized advisors, they are then referred successively: (1) To banking representatives in order to establish the necessary line of credit; (2) to a real estate advisory group which assists each prospective new business man in obtaining the proper location with respect to rent, budget, his market, and other factors.

Each step in this clinic is handled in a realistic and progressive manner. One

"With all the talk back home about revolutionary household gadgets, I hope they don't do away with beds and bathtubs!"



good example like the Richmond Business Clinic can, through proper facilities for sharing good ideas, have broad results.

THANKS to the superiority of hindsight over foresight, we can see now on the basis of experience the many flaws in the original veterans' loan provision. Two of these have stood out:

- (1) A prevailing misconception among servicemen, based on loose interpretation of the act in information reaching servicemen, that the guaranteed loan provision practically constituted a *gift*. To the individual banker has fallen the unpleasant task of bringing the enthusiastic veteran down to the brass tacks of any given business or home-owning deal.
- (2) The sheer red tape of the act itself. The filling out and filing of nearly a dozen forms connected with determining a veteran's eligibility and later processing the loan has driven both veterans and bankers to distraction.

But there is strong hope that out of the tangled experience to date will come some marked improvements. Amending legislation now before Congress, and based in large part on recommendations of A.B.A.'s Committee on Service for War Veterans, would grant much practical relief.

In the first place, it would set up a virtual automatic means of eliminating paper work and long delay in obtaining a certificate of eligibility. Instead, the veteran's honorable discharge papers would immediately serve this purpose.

Secondly, the proposed changes would enable the loaning bank to act as its own appraiser, or to obtain an immediate local appraisal, of the proposed business or residential property involved. Also, there is expectation that the concept of "normal" value may be replaced by "reasonable" value as a basis for appraisal.

Other anticipated changes will make it possible for national banks to make 20-year real estate loans and would also modify the 60 per cent limit of loans to valuation under extant Federal Reserve regulations.

Other modifications which the A.B.A. believes would make GI loan procedure more realistic may still be added to pending legislation before final action by Congress.



This emblem identifies the Mississippi Valley Trust Company at Broadway and Olive Street in St. Louis.



Another leading bank using Hammermill Safety

The Mississippi Valley Trust Company of St. Louis for more than 90 years has enjoyed a position of financial leadership at "the crossroads of the world."

Shown below is one of the checks of this distinguished institution. It is printed on Hammermill Safety with the bank's trade-mark as part of the surface design.



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The *ThriftiCheck* (pay-as-you-go) checking account plan is custom-made for modern banks everywhere—as shown by successful installations in banks with \$400,000,000 total assets to those with \$2,000,000.

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It insures low acquisition cost and produces profitable high account volume.

ThriftiCheck attracts new customers

They like the standard style checks without identifying account numbers with their names printed on every check, and their immediate delivery; and the attractive checkbook covers.

They appreciate the elimination of charge per check paid or charges per items deposited.

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BANKERS DEVELOPMENT CORPORATION

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Washington

(CONTINUED FROM PAGE 23)

bills. In this, all banks and bankers are involved.

The so-called "Full Employment" bill is considered by its authors a true test of the direction the nation will take in the next decade. There are those in public office who believe the bill is only a declaration of principles, hence not likely to have any great effect on business or money trends. There are sincere supporters who see in the bill more good than bad.

As a declaration of principles, the measure can be likened to a bill of rights. The proposal sets up new standards and new aims. The Federal Government is charged with the responsibility of providing employment, and Washington must so shape money and banking practices, business and commercial opportunities, that everyone will be able to work. Hours of work and pay are already a matter of Federal regulation.

Radical elements have taken heart due to the British switch in party government. They herald the upsurge of the Labor Party as a warning to America. Nationalization of resources and of banking is not a publicized aim of any party here, but the planned economy, so much discussed, would achieve the same results. With all the new social sciences in luxuriant promise of fulfillment through proposed laws, there are a number of Congressmen who believe realization can be had by changing money rules. They are hoping, somehow, to harness the atomic money forces which they believe are not now being used by bankers, except perhaps for their own profit. These proposals, seriously offered, would if enacted, finance all needed social reform, but without the present staggering taxes.

The growing differences between radical forces and liberal forces will have definite repercussions on banking.

Full employment legislation is on the top priority list of Congress and the President. Senator O'Mahoney, Wyoming, a sponsor of the Full Employment Bill, was the first witness at the Senate Banking and Currency Committee hearing on this measure



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6842B	"	"	1,000
33686F	"	"	10,000
33687H	"	"	10,000
63536F	"	"	500
122317H	"	"	1,000
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• • • •

More "war engines" for more uses have been made by the Continental Motors group than by any other engine maker in the world. Even we are startled by this amazing record, for it must be remembered that this has been a "power" war of enormous magnitude.

But lest this achievement lead one to think of Continental Motors as a War Colossus, it should be stated that Continental Red Seal Engines had long ago, even before World War I, made history in the field of internal combustion power. Indeed, it was this unequalled reservoir

of engine experience that fitted Continental Motors for its tremendous wartime role.

With its new skills, comprehensive experience, and expanded engineering and production facilities, Continental Motors is now poised for meeting the world's postwar power needs. Over 150 engine models, industrial, automotive, marine, agricultural, commercial, and aviation uses, from less than one Horsepower to over 2000 Horsepower, are now "in the works" to furnish their constructive, peacetime power to Continental's customers throughout the world.

Proud as we are of being one of the War's "great engine builders," we look forward with infinitely greater satisfaction to being one of America's prime sources of "Power to Win" in a changing world of peace. The number and diversity of postwar engine commitments already on our books promise much for the prosperous on-going of our national economy.



C. J. REESE, President

Continental Motors Corporation
MUSKEGON, MICHIGAN

Veteran Loans to Minors

THE recent decision by the Supreme Court of Arizona in *Valley National Bank of Phoenix v. Glover* (59 Pac. (2d) 292) is of particular interest to banks making guaranteed loans under the Servicemen's Readjustment Act of 1944 where either the veteran or his spouse is a minor.

In 1945 Arizona passed an enabling measure providing that, "No veteran entitled to benefits under the provisions of the Servicemen's Readjustment Act

of 1944 . . . or the spouse of any such veteran, shall be under legal disability by reason of minority to make any contract, nor shall any contract made by any such veteran or spouse be invalid or voidable, by reason of the minority of such veteran or spouse." The title to the act was narrower, reading: "An act relating to veterans; providing that minority shall not be a legal disability in receiving servicemen's benefits; and declaring an emergency."

The Valley National Bank in order to be assured of the validity and construction of the act before it advanced money under loans brought an action for a declaratory judgment. One of these loans was to a minor veteran with an adult wife and another to an adult with a minor wife.

THE court held that under the broad provisions of the act, as limited by the title, "it must be construed to include every character of contract either directly or indirectly relating to or having any natural connection with the receiving or enjoyment of servicemen's benefits. (Italic ours.) So construed, it is evident that the minor veteran or his spouse has the right not only to make any contract which may be necessary or required to enable the veteran to secure benefits, but also in connection with the use of such benefits. (Italic ours.) It follows, therefore, that when a loan is secured under the provisions of the Servicemen's Readjustment Act, and for any of the purposes mentioned therein, the minor by the provisions of chapter 48, has full and complete contractual rights relative thereto. He may receive deeds, execute notes and mortgages in connection with such property. He may sell or dispose of it. He may assume mortgages or other obligations in connection with the loan or property acquired. If the loan is for a business purpose, he has the full right to execute any and all obligations or instruments that may be necessary or requisite in connection with the transaction of such business. Such contracts being neither invalid nor voidable by reason of minority, may not be disaffirmed by the minor."

Thomas B. Paton, secretary of the A.B.A. Committee on State Legislation, interprets this case as indicating that a minor's enabling act should:

- (1) Extend to the minor spouse of a minor or adult veteran.
- (2) Contain an accurate title.
- (3) Validate not only the loans guaranteed by the Veterans' Administrator but also other contracts incidental to the receipt of servicemen's benefits under the GI law.

"The case held that the enabling act limited to veterans," Mr. Paton said, "who are entitled to benefits under the GI act, and their spouses is not unconstitutional as violating the 'due process' or 'equal protection' constitutional clauses or as a delegation of legislative powers."

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Urban Redevelopment Costs

BANKERS who are weighing the desirability of post-war investment in urban rehabilitation projects will find an aid to their calculations in a study made by Miles L. Colean and Arthur P. Davis and published recently by the National Committee on Housing, Inc., of Cost Measurement in Urban Redevelopment.

The study deals with the effect of costs, particularly the critical cost of land, on the rent that must be obtained and consequently on the extent and type of redevelopment to be undertaken

in any particular area. Variations in the relationship between rate of return and land costs are illustrated in charts and tables for housing types representing different degrees of land use. The illustrations make it possible to estimate, for the purpose of broad initial analysis of a project, such items as:

(1) The rent that must be obtained to carry the property at any given combination of building type, land cost, financial rate, and taxes.

(2) The effect on rent of a rising scale of land cost, other factors remaining constant.

(3) The extent to which, with a given type of building, the effect of rising land cost may be mitigated by reduced taxes or reduced financial charges.

(4) The point at which, with a constant tax rate and financial rate, it is necessary to shift to a higher-density type of building in order to maintain a given rent.

(5) The relative effects on rent of reductions in land cost, financial rate, and taxes, separately or in combination.

(6) The effect on project rentals of such governmental benefits as "tax freezing," partial absorption of land cost, or interest subsidy.

In making a study of this kind, it was necessary to limit the possible variations. Consequently, the costs of construction and operation are assumed to be constant. Formulae are given for determining the effect of variations in these costs. The land coverage is assumed to be about 25 per cent in all the types of construction illustrated.

Corporate income taxes and other special corporation taxes are not considered in the tables. The authors point out, however, the extent to which these taxes may affect both the rental and the financial plan. This is illustrated in two alternative financing plans presented as part of a typical case study.

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WILLARD HOTEL
Washington, D. C.

America's 170-Year-Old Plan

(CONTINUED FROM PAGE 72)

interest that the American Bankers Association has in educational work and in agriculture. He mentioned the limitless opportunities which opened out into the future for those who knew their business, in this case the cattle business.

"But opportunity," he said, "is not a thing by itself. It is always accompanied by responsibility."

Then Bill mentioned some of the things that success is made of. He showed how it was within reach of everybody in the United States. Nobody is barred. He recalled the career of Roy Turner and said it was a particularly good example—a good American story. He told about the various jobs that Roy had held since the time his father died and he had to take over the running of a little livery station at the age of 16. Later he served in the Army, sold tires, performed all sorts of jobs, and now here he was with an oil business, a successful ranch, and president of the American Hereford Association.

Bill said that every boy and girl sitting on the planks in this homemade auditorium in John Blenkin's pecan grove could do the same.

They listened to this because it had a good ring to it. He told them that in Europe and in most of the world today there was discouragement and people no longer believed in opportunity and freedom. These people are in a mood to be pushed around by dictatorial powers

but here in this country we are still acting on the belief that people deliver their best efforts when they are free. We not only believe this but we act on this belief and we build accordingly.

But it was at one particular point in his talk Bill had their attention to an unusual degree. This was when he remarked:



"Sooner or later most of you will be dealing with a bank and I am going to tell you just how to go about getting a loan." Even the photographer who was on his knees trying to get Bill's picture forgot to focus the lens which is why there is no platform picture of the chief speaker of the day to go with this little report.

"First of all, when going into a bank you must be full of belief in your plan. Don't ever stand there fingering your hat and say timidly to a banker 'I don't suppose you would like to lend me some money.' Of course he won't if that's all you think of your proposition. All a banker has to do under the circumstances is shake his head—like this. He doesn't even have to open his mouth. You have already told him that he probably won't want to lend you the money.



The town nearest the Turner ranch is Sulphur, where the road sign says: "Howdy, stranger. Pop. 4,927." There used to be an East Sulphur and a West Sulphur, with a 15-foot stream between. The inhabitants would build no bridge because they could never agree on anything. Now the two towns are one, with a nice bridge between, and in the bottom of the creek lie buried a horseshoe and a hatchet.

"The thing to do is walk right in, sit right down and say, 'I would like to borrow \$100,' or whatever it is. Don't say anything else. If there's a chair beside his desk sit down and lean back. It is then up to the banker to find out what your plan is and he will ask you some questions. This will give you a chance to discuss the matter with him and tell him what you are planning to do—buy a cow, or whatever it is."

Bill proceeded to give all the details of this very important operation and it was so quiet you could hear Rex, the reasonably friendly doberman, barking orders a half mile away. The boys and girls were getting down to earth information that would be helpful to them.

The Winners

THE afternoon was getting along when the time came to announce the winners. Paul Adams, state director for 4-H, stepped to the microphone and said that the team representing McIntosh County had won the 4-H part of the contest. Jim Purkey, head of the Oklahoma Future Farmers, followed with the news that the team of Eldorado was the winner. The high individual scores were John Cooper of Dewey, in the 4-H category, and Jim Travis of Tipton, for the Future Farmers. There was some clapping, not much, because these people are practical, above all else. The thing was done.

It could not have been more than 15 or 20 minutes before the whole place seemed almost normal except for empty pop bottles and paper dishes. These were being heaped in a big pile by Roy Turner's 12-year-old Bill who wants to fly instead of raise Herefords. Bill's sister Betty had a job helping her mother and two very important colored girls with the dinner that night because there was still quite a crowd to feed.



Industries needing an abundant supply of cheap fuel should investigate the availability of natural gas down in Texas. And Houston is the center of Texas' Natural Gas industry. But for banking in any field, investigate First National first. One of Texas' oldest National Banks and the first National Bank in Houston, it has played an important part in the development of this area. Your account is invited.

First National Bank

In Houston

MAIN OR FANNIN
AT FRANKLIN

MEMBER
FEDERAL DEPOSIT INS. CORP.

Consumer Credit for Veterans

NUMEROUS instances have already been reported where returning veterans have been prevented from securing necessary credit for their rehabilitation in civilian life by the terms required under Regulation W, according to Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee, and chairman of the Consumer Credit Committee, American Bankers Association.

"I believe that Regulation W should be immediately modified to prevent undue hardship to veterans in view of the announcement that at least 7,000,000 men will be returned to civilian life from the Armed Services within a year," said Mr. Flora.

He explained that veterans have considerable expense in returning to civilian life, particularly if they are married, and gave as an example the experience of a veteran who went to his banker to borrow funds for the purchase of furniture and equipment to set up housekeeping in a small home. The veteran, on his salary, could not meet the mandatory terms imposed by Regulation W and was unable to secure the credit.

Most veterans have not had the opportunity to accumulate substantial savings during the war," Mr. Flora declared, "and it is unfair that they should be prevented by arbitrary regulations from securing necessary credit on a sound and reasonable basis."

He outlined the policy of the Committee on Consumer Credit of the American Bankers Association on selective credit control, as follows: "We recognize our responsibility to help combat inflation and believe that consumer credit, if properly used, can be an effective weapon in this fight. Money and liquid assets of individuals are in excess of \$100 billion. Obviously, a great inflationary pressure is created by this enormous backlog of buying power and the tremendous pent up demand for consumers durable goods. We believe this inflationary trend can be most effectively met by a program of continued savings on the part of the American people. The 80 million holders of War Bonds have acquired the savings habit and have accumulated the largest sum of personal liquid assets in the history of this country. We, as bankers, should encourage this trend, and urge the American people to keep their War Bonds as 'nest egg' savings. If people buy automobiles, refrigerators, radios, and improve their homes out of current income by making

use of their bank credit, then one of our greatest inflationary dangers will have been averted.

"Therefore," Mr. Flora said, "we believe that it is the responsibility of bankers to persuade our people to keep their E bonds until maturity, and to buy necessary goods out of current income for cash or on prudently budgeted instalment terms.

"I believe that Regulation W should be gradually relaxed in relation to the

production of consumers durable goods, and the availability of labor and materials for home repairs. However, the regulation should be immediately modified to prevent undue hardship to veterans.

"The emergency for which Regulation W was created will cease to exist when production of consumers durable goods is sufficient to meet the demand and at that time Regulation W should be completely eliminated."



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SAN FRANCISCO NEW YORK CHICAGO BOSTON ATLANTA

Your Reading

Government

BIG DEMOCRACY. By *Paul H. Appleby*. Alfred A. Knopf, 1945. 197 pp. \$2.75.

MR. APPLEBY discusses a critical subject, the role of government in the United States today. He writes from broad government experience; he was successively assistant to the Secretary of Agriculture, Under-Secretary of Agriculture, and Assistant Director of the Bureau of the Budget between 1933 and 1944.

Government is different, says Mr. Appleby, and even among the best-informed citizens there is little understanding of modern government, which involves policies and actions of immense complexity. Government is distinguished from all other forms of social action by its breadth of scope, impact, and consideration; its public accountability; and its political character. Thus, for instance, the qualities and attitudes possessed by successful business men and successful government officials are of necessity quite different.

Government agencies and officials, operating under the klieg lights of press and public scrutiny, and among the competing demands of persons, organizations, and special interests, manage to serve the public interest efficiently and intelligently on the whole, in Mr. Appleby's opinion. "With all the facilities for investigating the poor bureaucrat and making him miserable," he says, "no one has ever got enough on him as a collective entity to warrant one per cent of the hue and cry that has been raised."

The author aims at concentrating on aspects of our democracy which other writers "have either minimized or missed." Among the subjects discussed are the nature of bureaucracy, administrative leadership, the relativity of efficiency, red tape, operating on the proper level, organization of co-ordination, dynamics of government, politics, relations with Congress, and special aspects of war administration.

Economics of Peace

A PRICE FOR PEACE. By *Antonin Basch*. Columbia University Press, 1945. 209 pp. \$2.50.

THE economic essentials of peace for Europe and the world are presented compactly by Dr. Basch, a professor

of economics at Columbia University.

"Europe can maintain her standard of living, her level of production, and the welfare of her peoples only as an integral part of a well-functioning world economy," says the author. This well-functioning world economy, which requires an effective system of political security and an expanding world trade on a multilateral basis, is the price of peace.

The importance of foreign trade, both among European nations and with the rest of the world, is clearly demonstrated. In the post-war era Europe must continue to improve her traditional role as importer and exporter.

Among the important subjects analyzed by Dr. Basch are Europe's position in world trade and industry, the impact of the war and German domination, international aid in reconstruction, the role of Great Britain and of the Soviet Union in Europe's trade, the integration of Europe's economy, the issue of government or private enterprise, and finally, the place of the United States—and her great responsibility—in setting the new world economy on the road to financial stability, expanded production, and increasing world trade.

War Economy

BANK LIQUIDITY AND THE WAR. By *Charles R. Whittlesey*. National Bureau of Economic Research, 1945. 86 pp. 50 cents.

DR. WHITTLESEY, professor of finance and economics in the Wharton School of the University of Pennsylvania, prepared his study as one of a series on "Our Economy in War." His paper covers the nature and significance of bank liquidity, banking changes and the liquidity problem, and bank liquidity in war, 1939-1945.

Under wartime conditions bank assets and liabilities have expanded enormously, and there has also occurred a striking shift in the importance of component items in the totals. In addition, the banking system has had to adjust to a trebling of currency in the hands of the public, and to a huge investment by the public in Federal obligations. Whether the banks individually and as a system have gained or lost in liquidity, and whether they have been strengthened or weakened in their capacity to perform "normal" functions upon return to

peace, are questions to which Dr. Whittlesey directs his attention.

THE FEDERAL RESERVE SYSTEM IN WARTIME. By *Anna Youngman*. National Bureau of Economic Research, 1945. 67 pp. 50¢.

THIS study, another in the series on "Our Economy in War," answers the question of how war finance has affected the functions and operations of the Federal Reserve System. In peacetime the System is primarily a banker's bank with responsibility for maintaining monetary conditions favorable to prosperity. In wartime, the System is more important as a banker to the Government and it has the responsibility of assuring an ample supply of funds for financing the Government's borrowing for war.

Sections of the paper are devoted to the functions of the Federal Reserve System in wartime, wartime problems of providing member bank reserves, special problems resulting from war financing, and legacies of war finance.

Anna Youngman is a member of the editorial staff of the *Washington Post*. She was formerly with the Division of Analysis and Research of the Federal Reserve Board.

Other Books

COLLECTION OF INTERNATIONAL WAR DAMAGE CLAIMS. By *René Wormser*. Alexander Publishing Company, Inc. 412 pp. \$7.50. A practical guide telling the kind of war damage claims that may be brought against governments in consequence of damages resulting from war; the principles and rules of law which govern their allowance; and methods of presentation, proof and adjudication.

INTERNATIONAL TRIBUNALS. By *Malley O. Hudson*. The Brookings Institution and The Carnegie Endowment for International Peace. 287 pp. \$2.50. Judge Hudson, authority on judicial settlement of international disputes, has written for the layman a study of possible solutions for the juridical problems raised but not decided by the Dumbarton Oaks proposals. He surveys the history of 150 years of experience, and analyzes the various problems which arise in connection with the creation and functioning of both permanent and temporary international tribunals.

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39% own or manage a business or are professionals (1940)



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The ordinary alphabetic index is often inadequate as a reference to numerically filed signature and account ledger cards. These indexes are in constant daily use for such purposes as cashing checks, stoppage, attachment or trusteee of accounts, credit verification and especially today, War Bond redemptions. Yet because they fail to provide for *variant spellings of names*, they invite delay and expensive errors.

Twelve years ago our Installation Service set up this index to customer's numbers for the Dorchester Savings Bank, one of the pioneers in positive identification methods. It is a CHAINDEX-SOUNDEX system, still serving effectively though depositors have almost doubled in number, and it is more than equal to the demands of bond redemption control.

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Full details are available from our nearest Branch Office.

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The Dorchester customer index is located next to the ledger record, convenient for all employees. The four Kardex cabinets have a capacity of 164,700 one-line cards. From one to five lines of typed matter can be shown *visibly* on Chaindex.

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The Banks Are Ready

(CONTINUED FROM PAGE 1)

seling against the purchase of poorly constructed or otherwise undesirable homes, run down farms, and hopeless ventures.

Besides these direct relations with veterans, the banks have made many other preparations for peace. On August 4, 1944, the A.B.A. announced a credit policy adopted by the Post-War Small Business Credit Commission, which said: "Every competent man, firm and corporation that needs bank credit for some constructive purpose will get it. And for adequate amounts and for sufficient length of time to do the job."

As a result of more than two years of study of the credit needs of industry, agriculture, the professions and business, banking has produced a new post-war credit product—the bank credit group. There are now 40 such groups with total resources in excess of \$600 million whose operations extend throughout the nation. These credit groups are designed to provide a third source of bank credit within the banking structure itself, the local bank being the first and its correspondent the second.

THE individual banks, with deposits in excess of \$140 billion, constitute the greatest reservoir of potential credit in the history of banking. In addition these banks are rapidly becoming skilled in the uses of credit methods that were developed in the years just prior to the war. Many of these were used primarily by large business, such as term loans, accounts receivable, and field warehousing. Today, however, all these useful credit methods are being applied by the banks to the needs of small business.

Backing up the local bank in this post-war credit activity is an active correspondent system whereby loans are being made in cooperation with the country banks in cases where the country bank, because of its size, or for some other reason, is unable to make the loan itself. Too, many banks where the volume of business warrants are creating special facilities for providing expert counsel and special service to small business. Banking is determined that small business shall live and shall be given the opportunity to grow and prosper.

Throughout the years of the war, banks have been especially active in helping to meet the financial needs of

TOMORROW'S PROBLEMS

We must now begin to bind up the wounds of war and to reconstruct our economies to meet the problems which will come with the peace. The months ahead will call for just as much devotion to our country as the months of sacrifice which are past.

Our first consideration must be for the returning men and women of the armed forces. Under fire yesterday—veterans back in our midst tomorrow. This is a direct personal obligation and is the greatest immediate concern of every American.—President BURGESS

the Government in the prosecution of the war. In the seven previous War Loan drives they have not only purchased U. S. Government securities for themselves, but have sold War Bonds to their customers and have aided other groups engaged in this patriotic enterprise. The end of fighting will not lessen the need for such financial assistance and we are now preparing for the Eighth War Loan drive.

Banks stress the importance of sav-

ings invested in War Bonds by individuals as a protection for them against emergencies which may arise while the nation adjusts itself to peacetime activities. We continue to urge that these War Bonds be held until they mature, not only because of the necessity for individuals to own financial reserves, but because collectively the holding of the bonds will be our best bulwark against inflationary forces which are certain to increase as goods become available.

Profit-Sharing Plans for Bank Employees

(CONTINUED FROM PAGE 137)

salary. Still others divide participants into two or more classes, each representing a span of years of service, and allocate more to persons with longer periods of service. Any discriminations which would favor shareholder, officer, or other highly paid employees are forbidden.

The contributions of employers and employees, if employees contribute, are paid into a trust for deferred distribution. A trust qualified under the requirements of the Internal Revenue Code to accumulate and administer funds of a profit-sharing plan has the same tax

General Omar N. Bradley takes the oath as head of the Veterans' Administration. Left to right, General Bradley; Edward E. Odom, VA solicitor; Brigadier General Frank T. Hines, retiring Administrator; Justice Stephens, District of Columbia Court of Appeals



PRESS ASSOCIATION

exempt status as a pension trust. Various aspects of the trust are discussed, including the question of investing the funds, in the report.

"While the time for distribution of the funds is specified in the plan itself, and most of the other operations are under definite formulas, the method of actually paying out the funds allocated to the individual employees is less restricted," says the section on distribution. "An outline of the method to be followed is set forth in the plan, though within the spirit of its terms much may be left to the discretion of the advisory committee." Several different methods of settlement are described, such as payment in a lump sum, or in a series of yearly instalments until the fund is exhausted, or through purchase of an annuity with all or a portion of the funds due an employee.

It might be worth while to try a policy of giving a politician a commission on every dollar he cuts off the government's expenses.

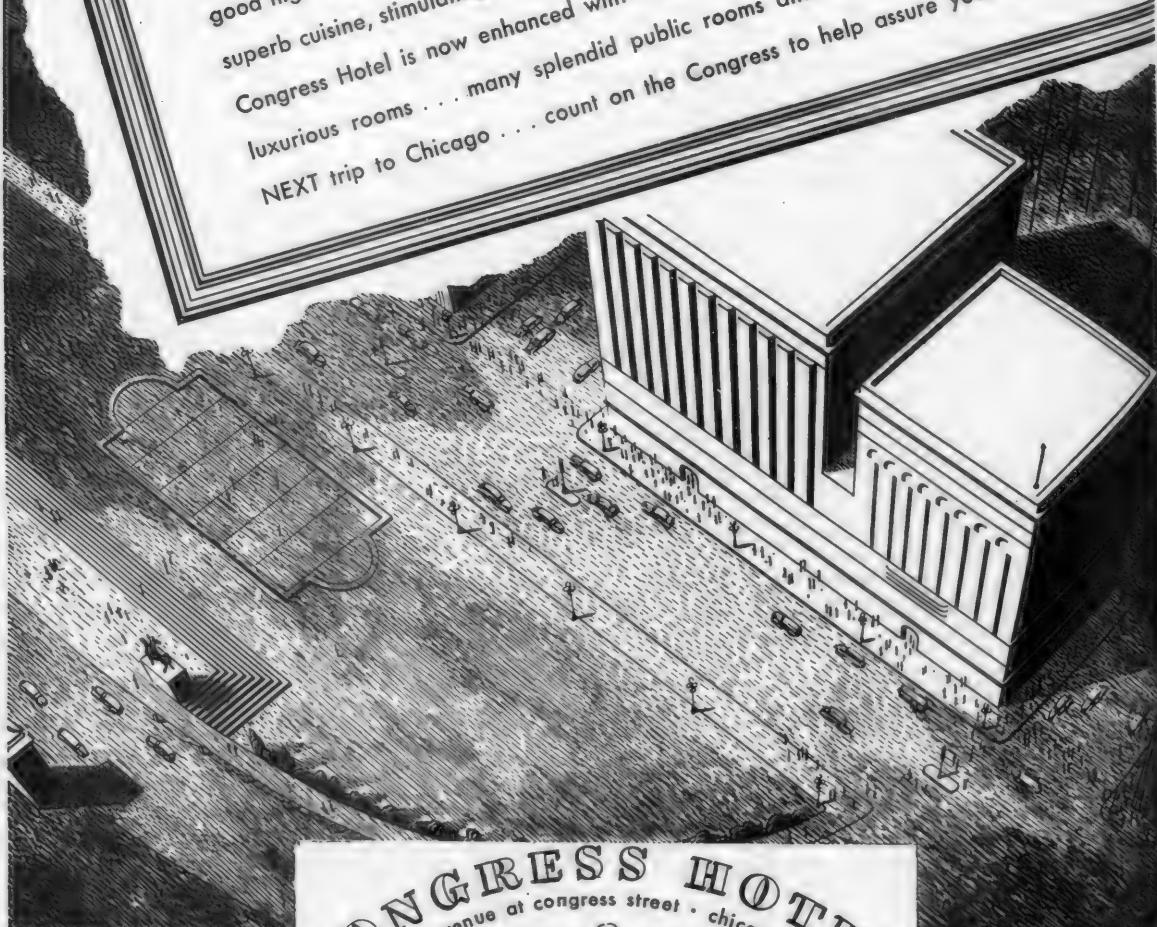
If the British Labor party is going to provide employment for all at good wages, how about the case of Mr. Churchill?

Many a nation may believe it can find its own way out of its debt and monetary problems.



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September 1945

Trained Minds

(CONTINUED FROM PAGE 60)

ment of goods into them, and for a full appreciation of the laws and customs of the countries with which we hope, or propose, to do business. Even an International Monetary Fund, an International Bank for Reconstruction and Development, and an Export-Import Bank, all heavily capitalized, cannot alone meet the situation. In the banks of the United States of America there must also be men and women who fully comprehend the problems involved in our new world economic position, who can intelligently interpret and capably meet the issues involved in them. That means a new "breed" of men: it calls for many more specialists in foreign trade and exchange than we have yet developed.

It will be the same at home. The war has transformed our financial structure. The financing of business, large and small, in the post-war era will call for the creation of new techniques as well as for the modification of time-tested methods. The so-called "term" loan has probably come to stay. Consumer credit appears to be only in its youth, if not merely in its infancy. We still are not sure of all the implications involved in the huge holdings of government securities by the commercial banking system. We may have made only a fair start in home mortgage financing by banks. The recent invasion of wholesale bond-issue purchase by life insurance companies carries with it possibilities which few, if any, can foresee. The surface of inventory financing has only been scratched. And the financing of accounts receivable seems to hold out promise to wide-awake banks.

THESE are but a few of the banking techniques that will be calling for men and women with trained minds. Education and research along these lines will be absolutely essential in the years ahead. And American banking is fortunate in having, as has no other banking system in the world, two of its own institutions devoted to the work of developing the inherent capacities of its personnel along the needed lines. The American Institute of Banking and The Graduate School of Banking are its servants, ready, willing, and able to train the minds essential to the tasks of American banking's post-war world. There is no substitute for trained minds.

*What England needs is fewer experts
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PRESS ASSOCIATION

BACK TO A PEACETIME BASIS!

Left to right, J. A. Krug, War Production Board chairman; Chester Bowles, OPA Administrator; Frank McNamee, deputy chairman, War Manpower Commission; William H. Davis, director, Office of Economic Stabilization; and Reconversion Director John W. Snyder, meet in the Oval Room of the White House prior to discussing conversion of the nation's economy over a radio network

**Country Bank
Costs**

(CONTINUED FROM PAGE 74)

It is believed by members of the Commission that the cost analysis will prove of tremendous value to the participating banks.

By means of it, the bank will be able to reduce unnecessary expenses, develop profitable services, locate leaks, test staff efficiency as it applies to income producing work, and provide the foundation for sound and profitable banking operations.

Special Committee

The cost analysis program was directed by a special committee with William C. Rempfer, cashier, First National Bank, Parkston, South Dakota, as chairman. Mr. Rempfer is a pioneer in the field of bank cost analysis and is largely responsible for the development of the present formula, having used it with outstanding success in South Dakota, Iowa and other states for several years before it was considered and, after revision, adopted by the Commission on Country Bank Operations.

Assisting Mr. Rempfer were B. P. Allen, president, First National Bank, Wabash, Indiana; Russell H. Britton, cashier, First National Bank, Rochester, New Hampshire; and S. N. Schafer, president, First National Bank, Fort Atkinson, Wisconsin, and the Commission's secretary and assistant secretary.

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FAY M. THOMAS, General Manager

Bank Dividends

(CONTINUED FROM PAGE 57)

stockholders interests are already receiving rather full consideration.

(6) Are there capital items, such as preferred stock or debentures, still outstanding ahead of the common? If so, prudence and a true regard for the real interests of common stockholders would dictate a policy of using the bulk of earnings to pay off, or establish reserves for subsequent payment, of the senior obligations. Common stock dividends should remain a minor factor until prior claims in the capitalization are eliminated.

(7) How permanent is the present level of operating earnings likely to be? In some instances the management's experience may have been that, because of the character of the business community served, or for other special reasons, earnings tend to be unstable, and to fluctuate over a wide cyclical range. In such situations it would seem advisable to provide for reasonable stockholder participation in earnings on a flexible basis, rather than to increase the basic annual cash dividend rate, and later find that such a rate cannot conservatively be maintained.

It is therefore suggested that the present is an opportune time for banks to review the rate of dividends currently being paid on their common stock, and the factors which influence the rate which can properly be paid. In some cases it may appear that stockholders are entitled to a greater share of operating earnings than they are now receiving. The simplest and most direct way of increasing this participation would be to increase the annual cash dividend rate. However, such a course may not always be best suited to the conditions prevailing, or in prospect. In these instances it should be possible to give due consideration to stockholders' rights through one, or a combination, of the alternative methods of recognition which have been discussed.

No matter how much Congress may reduce taxes they will still look high if you are short.

We learn from Hollywood that it's very difficult to stay married on \$100,000 a year.

England is now confronted with the problem of whether a labor government will work.

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EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. The most encouraging thing about the reconversion prospect is that the thinking in government circles and the thinking among business leaders seem to be getting closer and closer together.

There is always danger, of course, of thinking right and drifting left but there is an unmistakable trend toward parallel planning by government and business. It has been gradual, but the signs are fairly plentiful and it might pay to go back a little and check the evidence.

There was this paragraph, for instance, in President Truman's letter to Chairman Krug of the War Production Board relating to reconversion plans:

"Every opportunity must be given to private business to exercise its ingenuity and forcefulness in speeding the resumption of civilian production, subject to war needs."

There was Mr. Krug's report to the President and a report on the same subject by John W. Snyder, director of reconversion, to mention only a few harbingers. The language is English but the words are put together apparently to inform and not to cloud. In order to complete the picture these and other documents should be read along with the recent report on the plans of 7,000 manufacturers compiled by the Department of Commerce.

These manufacturers plan to spend \$9,200,000,000 on plants, equipment, alterations, and advances of credit in the next 12 months. Another \$1,500,000,000 will be used by the railroads and utilities for structures and equipment. This privately enterprising outlook is in lively contrast to the British outlook for extensive nationalization of her production and finance.

The Krug report presented a program for making available enormous quantities of material and taking every possible step to smooth the way for industry to reconvert as quickly as possible. This document shows a clear understanding of the importance of giving business its head.

But it is Mr. Snyder's report that should be pulled out of the drawer and read word by word both for the information it contains and its economic and political realism. It is a cordial invitation to business to get moving on plans for reconversion, with assurance that the Government knows the problems and wants to be helpful without coddling.

Fine Omissions

Conspicuously missing from this 6,000-word document are several things. For example, the famous threat that if business won't do it, then the Government must. Everyone knows this is true but the words have been used so much in recent years that business had a feeling of being followed by somebody with a meat-axe.

"This task will be a test for all of us," says the report. "Labor has a vital share, so has manage-

ment, so has agriculture, so has the general public. The Government, as the representative of all elements of the public, will do its part to assist and encourage this great cooperative effort toward prosperity."

There is a striking dearth of the language of political expediency, for example:

"Only a peacetime production, vastly expanded over anything this or any other nation has ever seen, will make possible the attainment of the four major economic objectives which face us in the months ahead. These objectives I conceive to be:

- (1) Jobs for all those willing and able to work.
- (2) A steadily rising standard of living.
- (3) Stabilization of our economy to avoid disastrous inflation or deflation.
- (4) Increased opportunities for farmers and business men."

Absent was any Delphic know-it-all quality, for instance:

"There is no place in our free economy for a master blueprint which will rigidly prescribe each move at every turn of the road."

Control for control's sake was not even discernible between the lines—

"Wherever immediate removal of controls will help to get expanded production under way faster, they will be removed.

"Wherever the removal of controls at this time would bring a chaotic condition or cause bottlenecks or produce a disruptive scramble for goods, controls will be kept and used.

"Their use will be for the protection of the public and business and to expedite the expansion of production. The sooner we increase production the sooner we can be rid of all controls."

Also lacking was confusion of objectives and authority, to wit:

"I have continued these meetings (of officials) regularly and, in addition, have established a reconversion working committee of deputies from the executive agencies to insure that the full efforts of the Government are thrown, as a team, into this important task."

Economic double talk and buried meanings were not there, in evidence of which can be offered this small chemist's sample:

"All manpower controls are to be lifted immediately, including the compulsory 48-hour week, and in their place voluntary community action to speed reconversion will be substituted."

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